

EXHIBIT 1
Questions 2(c-d)**REAL ESTATE PURCHASE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

TO: Lawyers Title
Insurance Corporation
Atlanta National Division
Suite 2850
950 E. Paces Ferry Road
Atlanta, GA 30326

Title Order No. 4086514-67
Continental Lawyers Title Co.
800 E. Colorado Blvd., 3rd Fl.
Pasadena, CA 91101
Title Officer: Frank Bryant

Phone: (818) 304-2700 X436
FAX: (818) 796-5768

Escrow No. ATL 94-000035
Escrow Officer: June Smith

Phone: (404-237-4428)
FAX: (404-261-0936)

THIS REAL ESTATE PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("Agreement" or "Contract") is made and entered into as of this 23rd day of December 1993, and constitutes an agreement by which **ALLIEDSIGNAL INC.**, a Delaware corporation (as successor-in-interest to Bendix Corporation), ("Seller"), agrees to sell, and **HOME DEPOT U.S.A., INC.**, a Delaware corporation ("Buyer"), agrees to purchase, on the terms and conditions hereinafter set forth:

(a) that certain real property consisting of approximately 11.00 gross acres of land located at 11510-11600 Sherman Way, in the City of Los Angeles, State of California, more particularly described on Exhibit "A" attached hereto and configured approximately as shown on Exhibit "A-1" (the "Land");

(b) all rights, privileges, easements, tenements, hereditaments, rights of way and appurtenances which belong to or pertain to the Land and are owned by Seller, including, without limitation, rights to all minerals, oil, gas and other hydrocarbon substances on and under the Land, as well as all development rights, air rights, water, water rights and water stock, if any, relating to the Land (collectively, the "Appurtenances"); and

The Land and Appurtenances are hereinafter collectively referred to as the "Property."

The terms and conditions of this Agreement and the instructions to Lawyers Title Insurance Corporation ("Escrow Holder") with regard to the escrow ("Escrow") created pursuant hereto are as follows:

1. **Purchase and Sale.** For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller agrees to sell the Property to Buyer, and Buyer agrees to purchase the Property from Seller, upon the terms and conditions herein set forth. Subject to the representations, warranties and indemnification obligations of Seller set forth in Sections 13, 14 and 17, the Site Work to be done by Seller as set forth in Section 7(a)(iii) and Hazardous Substance removal work to be done by Seller as set forth in Section 14, Seller sells and Buyer purchases the Property AS-IS and WHERE-IS, without any other representations or warranties, express or implied.

2. **Purchase Price.** The purchase price ("Purchase Price") for the Property shall be Six Million Seven Hundred Eight Thousand Two Hundred and Forty Dollars (\$6,708,240); provided, however, that the Purchase Price shall be adjusted to equal the product of Fourteen Dollars (\$14) multiplied by the "Net Usable" square footage of the Property. The term "Net Usable" square footage is defined as the total gross square footage of the Land less land dedicated or required to be dedicated for public streets. The Net Usable square footage of the Property shall be determined by a licensed civil engineer acceptable to Buyer and Seller at the time that the parcel map or lot line adjustment referenced in Section 7(a)(i) below is completed, who shall certify in writing to Seller and Buyer the Net Usable square footage of the Property.

3. **Payment of Purchase Price.** The Purchase Price for the Property shall be payable by Buyer as follows:

(a) Within five (5) days of the execution of this Agreement by the parties hereto, Buyer shall deposit or cause to be deposited with Escrow Holder, in cash or certified or bank cashier's check made payable to Escrow Holder or a confirmed wire transfer of funds, the sum of One Hundred Fifty Thousand Dollars (\$150,000).

Such amount is hereinafter referred to as the "Deposit."

The Deposit shall be invested by Escrow Holder in an interest-bearing account acceptable to Buyer, with all interest accruing thereon to be paid to Buyer upon demand, or at Buyer's election, credited to the Purchase Price upon the Close of Escrow. The Deposit shall be applicable in full towards the Purchase Price at the Close of Escrow. The entire amount of the Deposit shall, except as otherwise provided herein, be released to Seller by Escrow Holder without the

need for further instructions to do so in increments of \$50,000 each upon the occurrence of the following events:

(i) Upon the earlier to occur of the Contingency Date or April 15, 1994, in the event that Buyer has not terminated this Agreement by 5 p.m. (PST) on such Date in accordance with the provisions of Section 7(a)(ii) below;

(ii) Upon the earlier to occur of December 15, 1994 or the date that Buyer obtains an environmental clearance from the City of Los Angeles allowing Buyer's intended use of the Property as a Home Depot home improvement center as described in Section 7(a)(iv) below, either by the certification of an Environmental Impact Report ("EIR") prepared at Buyer's sole cost and expense, or the adoption of a negative or mitigated negative declaration;

(iii) Upon the earlier to occur of March 15, 1995, or the date that Buyer shall obtain all necessary Entitlements for the Property, including the Conditional Use Permit, as provided for in Section 7(a)(iv) below.

In the event that Buyer terminates this Agreement by reason of the non-satisfaction of any specific condition to the Close of Escrow for Buyer's benefit as set forth herein or by reason of the material default of Seller hereunder, the Deposit or that portion which is still in the possession of the Escrow Holder, together with all interest accrued thereon, shall be returned to Buyer by Escrow Holder, and that portion of the Deposit, if any, that has been previously released to the Seller shall be returned to the Buyer by Seller; provided, however, that, except for the material default of Seller, Seller shall be entitled to keep the portion of the Deposit previously released to Seller if Buyer fails to terminate this Agreement on or before the earliest date set forth in Section 3(a)(iii), above.

(b) Upon the Close of Escrow, Buyer shall deposit or cause to be deposited with Escrow Holder, in cash or a certified or bank cashier's check made payable to Escrow Holder or a confirmed wire transfer of funds the balance of the Purchase Price (approximately Six Million Five Hundred Fifty-eight Thousand Two Hundred Forty Dollars (\$6,558,240), or such amount as adjusted pursuant to Section 2 above, plus or minus Escrow Holder's estimate of Buyer's share of closing costs, prorations and charges payable pursuant to this Agreement.

4. Escrow.

(a) Opening of Escrow. For purposes of this Agreement, the Escrow shall be deemed opened on the date Escrow Holder shall have received the Deposit from Buyer and an executed counterpart of this Agreement from both Buyer and Seller. Escrow Holder shall notify Buyer and Seller, in writing, of the date Escrow is opened ("Opening of Escrow"). In addition, Buyer and Seller agree to execute, deliver and be bound by any reasonable and customary supplemental escrow instructions of Escrow Holder or other instruments as may reasonably be required by Escrow Holder in order to consummate the transaction contemplated by this Agreement. Any such supplemental instructions shall not conflict with, amend or supersede any portions of this Agreement. If there is any inconsistency between such supplemental instructions and this Agreement, this Agreement shall control.

(b) Close of Escrow. For purposes of this Agreement, the "Close of Escrow" shall be defined as the date that the grant deed, the form of which is attached hereto as Exhibit "B" ("Grant Deed"), conveying the Property to Buyer, is recorded in the Official Records of Los Angeles County. This Escrow shall close thirty (30) days after the conditions to closing contained in Paragraph 7(a) have been satisfied or waived.

Such date is hereinafter referred to as the "Closing Date." In the event that Escrow has not closed by July 31, 1995, for any reason whatsoever, this Agreement shall automatically terminate without the need for further action by the parties hereto, upon which event Escrow Holder and, only in the event that Escrow has not closed by reason of the material default of Seller hereunder, Seller, shall return the Deposit to Buyer and the parties shall have no further liability to each other (except for the obligations which expressly survive termination of this Agreement).

(c) Delay of Close of Escrow. Notwithstanding anything in Section 4(b) to the contrary, Buyer shall have the option, in its sole discretion, to delay the Closing Date for this Escrow for three (3) additional periods of thirty (30) days each after all of the conditions to Close of Escrow provided for in Section 7 below have been met or waived. Such option(s) shall be exercised by Buyer by giving written notice to Escrow Holder and Seller not less than fifteen (15) days prior to date that Escrow (as extended) would otherwise be scheduled to close hereunder. In the event that Buyer exercises such option(s) to delay the Closing Date, then at the time Buyer gives its notice to delay the Closing Date, Buyer shall deposit, or cause to be deposited with Escrow Holder in cash or by certified or bank cashier's check made payable to the Escrow Holder, or a confirmed wire transfer of

funds, the additional sum of Fifty Thousand Dollars (\$50,000) (the "Additional Deposit") which represents consideration for Seller's agreement to grant Buyer each thirty (30) day extension. The Additional Deposit(s) shall be applied to the Purchase Price upon Close of Escrow, shall be non-refundable to Buyer when placed into Escrow, and shall be immediately released to Seller by Escrow Holder without the need for further instructions to do so.

5. Condition of Title. It shall be a condition to the Close of Escrow that Buyer shall have approved, or be deemed to have approved, the condition of title to the Property ("Approved Condition of Title") on or before the Contingency Date. Such Approved Condition of Title shall be deemed to be title to the Property conveyed by Seller to Buyer hereunder subject only to the following conditions:

(a) A lien to secure payment of real estate taxes not delinquent;

(b) The lien of supplemental taxes assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code ("Code"), but only to the extent that such supplemental taxes are attributable to the transaction contemplated by this Agreement. Seller shall be responsible for, and hereby indemnifies Buyer and the Property against, any supplemental taxes assessed pursuant to the Code, to the extent that such taxes relate to events (including, without limitation, any changes in ownership and/or new construction) occurring prior to the Close of Escrow;

(c) Matters affecting title created by the acts or omissions of Buyer or with the written consent of Buyer, including without limitation, any conditions or restrictions related to the Entitlements;

(d) Matters which are disclosed by the Title Documents described in Paragraph 7(a)(i) hereof and which are approved or deemed approved by Buyer in accordance with Paragraph 7(a)(i) hereof; and

(e) Any unprorated assessments imposed by governmental agencies appearing prior to Closing.

Seller covenants and agrees that during the term of this Escrow, it will not cause or permit title to the Property to differ from the Approved Condition of Title described in this Paragraph 5. Any liens, encumbrances, easements, restrictions, conditions, covenants, rights, rights of way or other matters affecting the Approved Condition of Title which appear of record after the Contingency Date (as defined in Paragraph 7(a)(ii) below) shall also be subject to Buyer's approval and must be eliminated or ameliorated to Buyer's reasonable satisfaction by Seller prior to

the Close of Escrow as a condition to the Close of Escrow for Buyer's benefit; provided, however, that the foregoing shall not apply to any title matters or exceptions caused by Buyer's acts or omissions, including without limitation, any mechanic's liens filed by Buyer's contractor or matters related to the Entitlements.

6. Title Policy. Title shall be evidenced by the willingness of the Title Company to issue its ALTA Extended Coverage Owner's Form Policy of Title Insurance (Form B 1990) ("Title Policy") in the amount of the Purchase Price showing title to the Property vested in Buyer subject only to the Approved Condition of Title.

7. Conditions to Close of Escrow.

(a) Conditions to Buyer's Obligations. The Close of Escrow and Buyer's obligation to consummate the transaction contemplated by this Agreement are subject to the satisfaction or waiver of the following conditions for Buyer's benefit on or prior to the dates designated below for the satisfaction of such conditions:

(i) Title. Buyer shall have approved any matters of title as disclosed by the following documents ("Title Documents") to be delivered to Buyer: (A) a standard preliminary title report (the "Report") dated on or after the date of this Agreement issued by Continental Lawyers Title Company ("Title Company") with respect to the Property; (B) an ALTA survey (the "Survey") of the Property prepared and certified by a registered surveyor at Seller's sole cost and expense and approved by the Title Company; and (C) copies of all documents referred to in the Report. Seller shall deliver the Title Documents to Buyer within fifteen (15) days (except for the Survey which shall be delivered to Buyer in thirty (30) days) after the Opening of Escrow. Buyer shall have thirty (30) days after receipt of each Title Document by Buyer ("Title Approval Dates") to give Seller and Escrow Holder written notice ("Buyer's Title Notices") of Buyer's disapproval or conditional approval of any matters shown in the Title Documents.

The failure of Buyer to give Buyer's Title Notice on or before the Title Approval Date shall be deemed to constitute Buyer's approval of the Title Documents.

Within thirty (30) days of receipt of Buyer's Title Notice, Seller shall give Buyer written notice ("Seller's Title Notice") of those disapproved or conditionally approved title matters, if any, which Seller covenants and agrees to either eliminate from the Title Policy as exceptions to title to the Property or to

ameliorate to Buyer's reasonable satisfaction by the Closing Date. If Seller does not elect to eliminate or ameliorate to Buyer's reasonable satisfaction any disapproved or conditionally approved title matters, or if Buyer disapproves of Seller's Title Notice, then Buyer within thirty (30) days of the receipt of Seller's Title Notice shall have the right, by a writing delivered to Seller and Escrow Holder, to (A) waive its prior disapproval, in which event said disapproved matters shall be deemed approved, or (B) terminate this Agreement and the Escrow created pursuant hereto, in which event Buyer shall be entitled to the return from Escrow Holder and Seller of all monies previously deposited with Escrow Holder by Buyer, and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate, except as otherwise provided in this Agreement. If Seller is unwilling or unable to eliminate or ameliorate to Buyer's reasonable satisfaction all such disapproved matters prior to the Close of Escrow, then Buyer shall have the right, by a writing delivered to Escrow Holder and Seller, to (A) waive its prior disapproval, in which event said disapproved matters shall be deemed approved, or (B) terminate this Agreement and the Escrow created pursuant hereto, in which event Buyer shall be entitled to the return from Escrow Holder and Seller of all monies previously deposited with Escrow Holder by Buyer, and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate, except as otherwise provided in this Agreement.

Notwithstanding anything to the contrary contained in this Paragraph 7(a)(i), Buyer hereby objects to all liens evidencing monetary encumbrances (other than liens for non-delinquent property taxes and assessments), and Seller agrees to cause all such liens to be eliminated at Seller's sole cost and expense (including all prepayment penalties and charges) on or prior to the Close of Escrow.

Buyer and Seller hereby agree that the legal description of the land as contained in Exhibit "A" shall be finalized upon completion of a parcel map or lot line adjustment which shall provide the Buyer with approximately 11 acres of land out of the easterly portion of Seller's existing 15-acre parcel as now described in Exhibit "A." Buyer and Seller shall mutually agree upon the exact location and boundaries of the new approximately 11-acre parcel and the finalization of the legal description to be included in the Grant Deed on or before the Contingency Date. The parcel map or lot line adjustment shall be done by Buyer at Buyer's sole cost and expense. It is agreed between Buyer and Seller that

the lot line boundary or adjustment will be on a straight line basis, running north to south as generally depicted on Exhibit "A-1".

(ii) Buyer's Review of the Property. Buyer shall have until that certain date which is ninety (90) days following Opening of Escrow (the "Contingency Date"), to satisfy itself as to the Property and its condition and suitability for Buyer's intended use. On or prior to the Contingency Date, Buyer may, by written notice to Seller and Escrow Holder, cancel this Agreement based upon Buyer's dissatisfaction with the Property or the Documents and Materials (as defined in Section 13 below), in Buyer's sole and absolute discretion. In the event of Buyer's termination pursuant to this Section, Escrow Holder shall immediately return the Deposit to Buyer, and the parties hereto shall have no further liability to each other except as otherwise provided for herein. In the event Buyer does not provide notice of termination on or prior to the Contingency Date, Buyer shall be deemed to have approved the Property and waived this (but no other) condition to the Close of Escrow. In the event Buyer terminates the Agreement pursuant to this Section, Buyer shall provide Seller, at no cost to Seller, any and all written studies and reports prepared by Buyer or Buyer's consultants related to the Property including, without limitation, any environmental audits, soils reports and surveys.

During the term of the Escrow, Buyer, its agents, contractors and subcontractors shall have upon reasonable notice to Seller the right in coordination with Seller's remediation activities and requirements, if any, of the applicable governmental agencies, to enter upon the Property to make any and all inspections and tests as Buyer deems desirable in its sole discretion. Buyer shall indemnify, defend, and hold Seller and the Property harmless from any and all costs, losses, liabilities, damages or expenses, arising out of the activities of Buyer or its agents, contractors and/or subcontractors in connection with such entry and activities on the Property. Buyer shall keep the Property free and clear of any mechanic's liens or materialmen's liens of its agents with respect to the Property. This provision shall survive the termination of this Agreement.

Seller acknowledges that Buyer may, in its sole discretion, hire an environmental consulting firm ("Environmental Consultant") to conduct its own environmental review of the environmental information provided by Seller to Buyer in accordance with Section 13(B)(iv)(B) and (C), below.

(iii) Site Work. Prior to Close of Escrow, Seller shall have, at its sole cost and expense, after obtaining all necessary permits for such work, including any special permits required from the applicable governmental agencies for the removal of asbestos or other Hazardous Substances: (1) demolished all existing buildings and structures on the Property except for the border fences which shall remain in place, and removed from the Property any and all artificial underground constructions, tanks, wells, foundations or pipelines (other than the ground water monitoring wells, the vapor extraction apparatus and any other governmental mandated apparatus as provided in Section 14 below) ("Demolition Work"); (2) filled and compacted to 90% density any holes, pits or cavities on the Property, rough graded to the natural drainage contours of the Property the entire surface of the Property, and cleared and removed all debris therefrom; and (3) stubbed all above and below ground utilities and pipelines to the boundary lines of the Property and rerouted and relocated to the east boundary line of the Property at a location acceptable to Buyer, or to the west boundary line of the adjacent four-acre parcel owned by Seller, the existing power lines and power poles, if any, now located on the east side of the Property and any easements or licenses affecting the Property in regards to such utilities, pipelines, and power poles; (4) complete the work specified in the RWP for TPH (as defined in Section 13(B) below), which completion shall be evidenced by a written communication issued to Seller by the RWQCB (as defined in Section 13(B) below), indicating that all of the work identified in the RWP FOR TPH has been completed in accordance with the RWP FOR TPH; and (5) Seller shall have completed the installation of all underground piping, wells and manifolds, for the soil vapor extraction systems on the Property, as described in Section 13(B) below.

(iv) Entitlements. Prior to March 15, 1995, the City of Los Angeles shall have taken all appropriate ministerial and discretionary actions such that all applicable laws, including zoning, environmental, use and building ordinances, shall permit (A) the construction of an approximately 102,000 square foot building with attached approximately 28,000 square foot outdoor garden center, (B) Buyer's use of a building on the Property as a home improvement center selling the types of items currently being sold by Home Depot home improvement centers in the United States, and (C) Buyer's incidental rights to use the Property in accordance with a zoning designation which allows: (i) staging and temporary storage of merchandise around the perimeter of Buyer's proposed building, (ii) unloading merchandise off of flatbed trucks, and (iii) unlimited sales from an outdoor

enclosed garden center containing approximately 28,000 square feet, and unlimited sales from the front perimeter sidewalk, and (D) the erection and maintenance of outside signs, including pylon, monument and building signs, adequate in Buyer's sole opinion to effectively advertise and identify the Home Depot home improvement center business on the Property. Buyer agrees to use its best efforts to process the appropriate applications to obtain all approvals as described in Sections (A), (B), (C) and (D) above, ("Entitlements"), such that this condition is satisfied as soon as reasonably possible. In the event the Entitlements cannot be timely obtained on or before March 15, 1995, despite Buyer's best efforts, then Buyer may terminate this Agreement upon written notice to Seller. In the event that Buyer shall fail to give such written notice of termination to Seller on or before March 15, 1995, Buyer shall be deemed to have approved all of the conditions as to receipt of Entitlements set forth in this Section 7(a)(iv), and this condition 7(a)(iv) shall be deemed satisfied. Seller hereby covenants and agrees to cooperate with Buyer in securing the Entitlements. From and after the date hereof, Buyer, at its sole cost and expense, shall (i) prepare, process and submit all appropriate applications to all applicable governmental bodies and agencies to obtain the Entitlements, and (ii) satisfy all requirements and conditions necessary to obtain the Entitlements; and Seller shall have no responsibility or liability therefor. If a parcel map is required, the Land shall be generally configured as described on Exhibit "A-1". If Seller is required to execute any application, map, plan or other related document in order for the same to be filed, processed or granted by the applicable governmental authority, Seller agrees, upon written request of Buyer, that all such applications, maps, plans or other related documents, and any amendments, returns or renewals thereof, shall be promptly executed by Seller and returned to Buyer following receipt of such documents by Seller; provided, however, that (i) Seller shall have first approved the form, content and any conditions or restrictions contained in such documents, (ii) Buyer shall be solely responsible for satisfying any terms or conditions contained in such documents and shall indemnify, protect, defend and hold Seller harmless with respect to the satisfaction or non-satisfaction of the same and, (iii) Buyer shall, if and only if Seller could be held personally liable to perform such conditions or terms, post performance and payment bonds acceptable to and naming Seller as an additional insured party, insuring that said condition or term is fully satisfied. The date that such Entitlements shall be deemed to have been obtained is the date that all appropriate discretionary actions in relation to the Entitlements have become



Such indemnification and hold harmless obligations of Buyer shall survive the termination of this Agreement or the recordation and delivery of the Grant Deed, as the case may be.

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effective and all applicable judicial and non-judicial appeal periods with respect thereto shall have expired, with no pending or contesting actions.

Upon the request of Seller, Buyer shall deliver to Seller from time to time, but not more frequently than once a month, a report on Buyer's progress in regards to obtaining such Entitlements from the City of Los Angeles.

(v) No moratorium, statute, regulation, ordinance, or federal, state, county or local legislation, or order, judgment, ruling or decree of any governmental agency or of any court is enacted, adopted, or issued, which would materially and adversely affect Buyer's intended use of the Property.

(vi) Within thirty (30) days after receipt of the RAP (as defined in Section 13(B), below) Buyer shall have satisfied itself that the final positioning and installation of the Wells and Vapor Extraction System (as defined in Section 14 below) on the Property as required by the RAP do not unreasonably interfere with Buyer's intended use of the Property as a home improvement center.

In the event that Buyer shall disapprove the final positioning and installation of the Wells and Vapor Extraction System (as defined in Section 13(B) below), as required by the RAP within such thirty (30) day period, this Agreement shall terminate and the Deposit, together with all interest accrued thereon, shall be returned to Buyer by Escrow Holder, and that portion of the Deposit that has been previously released to the Seller shall be returned to the Buyer by Seller. In the event that Buyer shall fail to give written notice to Seller of its disapproval of such final positioning and installation of the Wells and Vapor Extraction System within such thirty (30) day period, such positioning and installation shall be deemed approved by Buyer.

(b) Conditions to Seller's Obligations. For the benefit of Seller, the Close of Escrow and Seller's obligation to consummate the transaction contemplated by this Agreement shall be conditioned upon the occurrence and/or satisfaction of each of the following conditions (or Seller's waiver thereof, it being agreed that Seller may waive any or all of such conditions):

(i) Buyer's Obligations. Buyer shall have timely performed all of the obligations required by the terms of this Agreement to be performed by Buyer; and

(ii) Buyer's Representations. All representations and warranties made by Buyer to Seller in this

Agreement shall be true and correct as of the Close of Escrow.

8. Deposits by Seller. Prior to the Close of Escrow, Seller shall deposit or cause to be deposited with Escrow Holder the following documents and instruments:

(a) Grant Deed. The Grant Deed, duly executed by Seller, acknowledged and in recordable form, the form of which is attached hereto as Exhibit "B"; and

(b) Seller's Certificate. A certificate of non-foreign status ("Seller's Certificate"), duly executed by Seller, in the form attached hereto as Exhibit "C."

9. Deposits by Buyer. Buyer shall deposit or cause to be deposited with Escrow Holder the funds which are to be applied towards the payment of the Purchase Price in the amounts and at the times designated in Paragraph 3 above (as increased or reduced by the prorations and credits hereinafter provided).

10. Costs and Expenses. Buyer and Seller shall share equally any costs or expenses incurred with regard to the following items: the extended (ALTA) coverage Title Policy, Escrow Holder's escrow fees and miscellaneous charges, recording charges, and all documentary transfer taxes payable in connection with the recordation of the Grant Deed. The amount of such transfer taxes shall not be posted on the Grant Deed but shall be supplied by separate affidavit. If, as a result of no fault of Buyer or Seller, Escrow fails to close, Buyer and Seller shall share equally all of Escrow Holder's fees and charges.

11. Prorations. The following prorations shall be made between Seller and Buyer on the date of the Close of Escrow computed as of the Close of Escrow:

(a) Taxes, Assessments and Other Amounts. Real property taxes, special taxes, assessments, utility fees and/or deposits, and personal property taxes shall be prorated as of the Close of Escrow. Prorations of taxes and assessments with respect to the Property shall be based upon the latest available tax information such that Seller shall be responsible for all such taxes and assessments accruing against the Property to and including the day prior to the Close of Escrow and Buyer shall be responsible for all taxes, special taxes and assessments accruing against the Property from and after the date of the Close of Escrow.

(b) Adjustments. If any errors or omissions are made regarding adjustments and prorations as aforesaid, the parties shall make the appropriate corrections promptly upon the discovery thereof. If any estimations are made at the Close of Escrow regarding adjustments or prorations, the parties shall make the appropriate correction promptly when

accurate information becomes available. Any corrected adjustment or proration shall be paid in cash to the party entitled thereto.

12. Disbursements and Other Actions by Escrow Holder.

Upon the Close of Escrow, the Escrow Holder shall promptly undertake all of the following in the manner indicated:

(a) Prorations. Prorate all items referenced in Paragraph 11 based upon the statement delivered into Escrow signed by the parties hereto.

(b) Recording. Cause the Grant Deed, and any other documents which the parties hereto may mutually direct, to be recorded in the Official Records of Los Angeles County. Escrow Holder is instructed not to affix the amount of documentary transfer tax on the face of the Grant Deed, but to supply same by separate affidavit in the form attached hereto as Exhibit "D."

(c) Funds. Disburse from funds deposited by Buyer with Escrow Holder towards payment of all items chargeable to the account of Buyer pursuant hereto in payment of such costs and disburse the balance of such funds, if any, to Buyer.

(d) Title Policy. Direct the Title Company to issue the Title Policy to Buyer.

(e) Purchase Price. Disburse the balance of the Purchase Price to Seller, plus or minus the net debit or credit to Seller by reason of the prorations and allocation of closing costs provided for in this Agreement.

13. Seller's Representations, Warranties, and Covenants.

A. Representations and Warranties.

In consideration of Buyer's entering into this Agreement and as an inducement to Buyer to purchase the Property, Seller makes the following representations and warranties, each of which is material and is being relied upon by Buyer (and the continued truth and accuracy of which shall constitute a condition precedent to Buyer's obligations hereunder). As used herein, "Seller's Knowledge" shall mean the actual knowledge of the following individuals: Paul Arbesman and Philip Hammel.

(a) Authority. Seller has the full power and authority to sell the Property. This Agreement has been duly and validly authorized, executed and delivered by Seller and no other authorization or third party consent is requisite to the valid and binding execution, delivery and performance of this Agreement by Seller.

(b) Proceedings. Except as provided in Exhibit F, to Seller's Knowledge, there are no actions, suits, proceedings or governmental investigations pending or threatened against or affecting the Property, in law or equity. As used anywhere in this Section 13, "threatened" shall mean the receipt by Seller of written notice or demand that an action or proceeding is to be commenced.

(c) Condemnation. To Seller's Knowledge, there are not any pending or threatened proceedings in eminent domain which would affect the Property, or any portion thereof, and Seller has not been involved, and has no knowledge of any other party being involved, in any settlement discussions with any governmental agency regarding a sale of the Property in lieu of condemnation.

(d) Documents. To Seller's Knowledge, all documents delivered to Buyer by Seller pursuant to this Agreement are or will be true and correct copies of originals and any and all information supplied to Buyer by Seller in accordance with Section 7 hereof is true and accurate.

(e) Defects. Except for environmental defects addressed elsewhere herein, to Seller's Knowledge, there are not any material defects in the Property, except as Seller shall disclose in writing to Buyer on or before ten (10) days following the Opening of Escrow. Also, if Seller becomes aware of any material defects in the Property during the term of the Escrow, Seller shall promptly give Buyer written notice thereof.

(f) Assessments. To Seller's Knowledge, there are not any intended public improvements which will result in any charge being levied or assessed against the Property or any delinquent taxes, assessments (special, general or otherwise), or bonds of any nature affecting the Property, or any portion thereof.

(g) Truthfulness At and After Close of Escrow. Except as expressly herein otherwise provided, or as subsequently provided to Buyer prior to the Close of Escrow, the representations and warranties of Seller set forth in this Agreement shall be true on and as of the Close of Escrow as if those representations and warranties were made on and as of such time. In addition, all such representations and warranties as set forth in this Section 13(A) shall survive for one (1) year after the recordation and delivery of the Grant Deed.

B. Seller's Covenants.

(i) Covenants Regarding Environmental Work. Buyer acknowledges that the soil at the Property currently may contain petroleum hydrocarbons ("TPH") and

certain volatile organic compounds ("VOCs"), and that the groundwater beneath the Property may contain VOCs, all as more particularly described in Well Investigation File No. 111.0180 located at the offices of the California Regional Water Quality Control Board, 101 Centre Plaza Drive, Monterey Park, California ("RWQCB"). Seller is currently developing work plans (i) to excavate the soil containing TPH levels of 1,000 parts per million (ppm) or greater, (ii) to further investigate the extent of VOCs in the soil, and (iii) to prepare a feasibility study concerning the remediation of the VOCs in the soil. (The work plan regarding TPH at the Property is hereinafter defined as the "RWP FOR TPH"; the work plan related to VOCs at the Property is hereinafter referred to as the "RWP FOR VOCs").

Once the RWP FOR TPH has been approved by the RWQCB, Seller shall commence and diligently complete the work described in the RWP FOR TPH. Once the RWP FOR VOCs is approved by the RWQCB, Seller shall commence and complete the work described in the RWP FOR VOCs. After the work described in the RWP FOR VOCs is completed, Seller shall prepare, and submit to the RWQCB for its approval, a remedial action plan ("RAP") to address the VOC contamination. A portion of the RAP may include the installation of a soil Vapor Extraction System (the "VES") on the Property. Construction of the VES may necessitate the laying of underground pipes and manifolds and may require the installation of additional wells. Promptly after the RWQCB's approval of the RAP, Seller shall commence and complete the work described in the RAP.

(ii) Governmental Notices. Seller shall deliver to Buyer each and every written notice or communication Seller receives during the course of Escrow from any governmental body relating to the Property within ten (10) days after Seller's receipt of the same.

(iii) Future Action. From and after the date hereof, without the prior written consent of Buyer, Seller shall not execute nor consent to the execution of any lease or terminate any existing lease on any portion of the Property or any other instrument altering the Approved Condition of Title as approved by Buyer.

(iv) Review of Documents and Materials. Within thirty (30) days after the Opening of Escrow, Seller shall deliver to Buyer, at Seller's sole cost and expense, copies of the documents and materials respecting the Property set forth below ("Documents and Materials"):

(A) Tax Statements. Any and all property tax statements for the three (3) years prior to the date of this Agreement pertaining to the Property which are in the possession or control of Seller, its agents or representatives.

(B) Soils and Engineering Studies. Any and all soils reports, engineering data and other data or studies pertaining to the Property or any portion thereof which are in the possession or control of Seller, its agents or representatives, which have been submitted to any governmental agencies.

(C) Environmental Studies. Any and all Environmental reports, studies, audits, or data pertaining to the presence of Hazardous Substances in existence in or on the Property or below the surface of the Land, or any portion thereof, which have been provided to any governmental agencies.

Because of the large number of documents responsive to Items (B) and (C), Seller shall be deemed to have fully satisfied its obligations under 13(B)(iv)(B) and (C) by providing Buyer with the California Regional Water Quality Control Board's Well Investigation Program File Number for the site of which the Land constitutes a part and by providing Buyer with copies of its responses to CERCLA §104(e) information requests submitted to the United States Environmental Protection Agency by Seller.

14. Hazardous Substances.

A. It is hereby acknowledged by Buyer and Seller that the Property is and will be acquired subject to environmental remediation requirements in coordination with applicable governmental agencies addressing, (1) Hazardous Substances (as defined in this Section below) contained in and permeating the soil on the Property; and (2) Hazardous Substances which may be contained in ground water under the Property.

Seller hereby agrees, at Seller's sole cost and expense to develop, implement, and complete the work described in the RWPs FOR TPH and VOCs, and the RAP to the satisfaction of the applicable governmental agencies. Subject to unexpected contingencies not currently contemplated by Seller, Seller shall use commercially reasonable efforts to complete the investigation, remediation and removal work described in the RWPs for TPH and VOC and the RAP within the timeframes and in the manner set forth in the same.

Seller shall give to Buyer a report not less than every three (3) months during the term of the Escrow describing Seller's environmental activities at the Property.

Notwithstanding the above, it is hereby acknowledged by Buyer that certain groundwater monitoring wells ("Wells") and a soil vapor extraction system ("VES") have been or will be constructed or installed on the Property by Seller in accordance with the direction of applicable governmental agencies, which Wells and VES will have to be maintained on the Property after Close of Escrow. Buyer hereby agrees to enter into a License Agreement in the form attached hereto as Exhibit "E" with Seller in regards to maintaining and monitoring such Wells and VES on the Property after Close of Escrow, which shall be done by Seller and at Seller's sole cost and expense. Within ten (10) days after Opening of Escrow, Buyer shall give to Seller a site plan showing where Buyer's home improvement center building and other improvements shall be placed on the Property. Seller shall, subject to the requirements of the applicable governmental agencies, position the VES so as to not materially interfere with Buyer's intended use of the Property, which positioning and installation shall take place prior to Close of Escrow.

"Hazardous Substances" means any material, substance, or waste which is hazardous or toxic, including, without limitation: any substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government; flammable, explosive, and radioactive materials; petroleum and petroleum products; asbestos; those substances, materials and wastes which are defined as "hazardous substances," "hazardous materials," or "toxic substances, including (a) a "hazardous substance" pursuant to section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601(14), section 311 of the Federal Water Pollution Control Act, 33 U.S.C. §1321; (b) a "hazardous waste" pursuant to section 1004 or section 3001 of the Resource Conservation and Recovery Act, 42 U.S.C. §§6903, 6921; (c) a toxic pollutant under section 307(a)(1) of the Federal Water Pollution Control Act, 33 U.S.C. §1317(a)(1); (d) a "hazardous air pollutant" under section 112 of the Clean Air Act, 42 U.S.C. §7412; (e) a "hazardous material" under the Hazardous Materials Transportation Uniform Safety Act of 1990, 49 U.S.C. App. §1802(4); (f) those substances, materials and wastes which are defined as "hazardous wastes" in Section 25117 of the California Health & Safety Code or as "hazardous substances" in Section 25316 of the California Health & Safety Code; and (g) those substances, materials and wastes designated as "hazardous" or "toxic" in the regulations adopted or publications promulgated pursuant to any of said laws; or (h) a risk to the environment under any other applicable federal, state or local laws, ordinances or regulations. "Hazardous Substances" specifically includes asbestos, polychlorinated biphenyls ("PCBs"), petroleum and petroleum-based derivatives, and urea formaldehyde.

Seller shall indemnify, protect, defend, and hold harmless Buyer, any subsidiary or other affiliate of Buyer, and any director, officer, or employee, tenant, successor or assignee of Buyer (but as to any successor or assignee only, so long as such successor or assignee does not materially alter the size or depth of the foundation of the building to be initially constructed on the Property by Buyer for use as a home improvement center, or build any additional structures on the Property that require substantially deeper foundations than the building to be initially constructed on the Property by Buyer) from any and all claims, damages, penalties, fines, liabilities and losses including, without limitation, any damage to any buildings or improvements, parking lot improvements, asphalt paving or landscaping on the Property (but excluding any damages for diminution in the value of the Property, damages arising from any other adverse impact on the marketing of the Property and, except as provided in Section 14D below, any other consequential damages) and sums paid in settlement of claims, attorney's fees, consultant's fees, and expert fees, resulting from a claim or demand on Buyer to investigate or remediate any Hazardous Substance contamination or condition existing on the Property prior to Close of Escrow. In the event any Hazardous Substance shall be discovered on the Property subsequent to Close of Escrow (except for any such Hazardous Substance contamination or condition caused by Buyer, Buyer's agents, customers, invitees, or successor, or assign) Seller covenants to have same (if required by law, regulation, or ordinance), removed or remediated at its sole cost and expense to the satisfaction of all appropriate governmental authorities. This indemnification of Buyer by Seller includes, without limitation, costs incurred in connection with any investigation, site conditions, or any cleanup, remedial, removal or restoration work required by any governmental or regulatory agency due to the presence of Hazardous Substances on the Property or in the soil or groundwater in, on, about or under the Property.

Buyer shall notify Seller of any and all claims against Buyer arising out of this Section 14(A) within sixty (60) days after notice of any such claim.

B. Buyer's Indemnification for Post-Closing Activities.

Buyer shall indemnify, protect, defend, and hold harmless Seller, any subsidiary or other affiliate of Seller and any director, officer, or employee, its successors or assigns, from any and all claims, damages, penalties, fines, liabilities and losses (including attorney's fees, consultant's fees, and expert fees), resulting from any Hazardous Substance contamination or condition occurring on the Property after the Close of Escrow which was caused by Buyer's activities on the Property or the activities of Buyer's agents, customers or invitees.

Seller shall notify Buyer of any and all claims against Seller arising out of this Section 14(B) within sixty (60) days after notice of any such claim.

C. Release of Seller Regarding Contamination of Adjacent Property and Groundwater.

Buyer acknowledges that (i) the Property, (ii) the approximately four (4) acre parcel of property which is owned by Seller and located adjacent to the Land and (iii) the groundwater beneath the Land may contain Hazardous Substances. Buyer hereby waives, releases and forever discharges Seller from any and all claims (including, except as otherwise provided in Section 14.D below, consequential damages), remedies or causes of action for diminution in the value of the Property related to the fact that the Property, the adjacent property owned by Seller and the groundwater may contain Hazardous Substances. The foregoing shall not release or waive any claims or causes of action Buyer may have against Seller under Sections 14.A or 14.D regarding the clean-up of any Hazardous Substances on or under the Property.

D. Limit of Liability of Seller to Buyer for Consequential Damages.

Notwithstanding anything in this Section 14 or this Agreement to the contrary, Seller shall not be liable to Buyer for any consequential damages resulting from any Hazardous Substance contamination or condition existing in, on, or under the Property, except as follows: In the event that any such Hazardous Substance contamination or condition in, on, or under the Property (except for any such contamination or condition caused by Buyer, Buyer's agents, customers, invitees, tenants, successors, or assigns) forces or causes a complete closure of Buyer's or Buyer's tenants, business operation on the Property for a period of more than sixty (60) consecutive days, then Seller shall thereafter pay to Buyer (or Buyer's tenant) the sum of \$5,000.00 per day for each day after the 60th consecutive day that such business operation shall be completely closed down for a period of time not to exceed an additional 180 consecutive days, or the total sum or \$900,000.00. The remedy provided to Buyer in this Section 14(D) constitutes Buyer's sole and exclusive remedy for recovery of consequential damages. If Buyer's, or Buyer's tenants' business operations on the Property are completely closed down for more than 240 consecutive days, Seller shall thereafter not be liable to Buyer for any further per diem payments or any other consequential damages but, in such event, Buyer shall then have the option, exercisable by giving written notice to Seller at any time within ninety (90) days after the expiration of such 240-day period, to require Seller to repurchase the Property from Buyer for the full amount of the Purchase Price set forth in Section 2 above, payable in cash, cashier's check, or other funds acceptable to Buyer; provided, however, that Seller shall have no obligation to compensate or reimburse Buyer for the cost of any improvements made

by Buyer to the Property. In the event that Buyer shall exercise such option as provided herein, Buyer shall reconvey the Property (including any improvements then located thereon) to Seller by Grant Deed in the form attached hereto as Exhibit "B" (substituting therein Buyer for Seller, as applicable), free and clear of any monetary liens or encumbrances, except for liens for non-delinquent property taxes and assessments. Seller shall pay to Buyer the full amount of the Purchase Price and, in turn, Buyer shall reconvey title to the Property to Seller within thirty (30) days of the date that Buyer exercises such option as provided for herein. In the event Buyer fails to timely exercise said repurchase option as provided herein, Buyer shall have no further recourse against Seller for consequential damages.

The obligations of Seller and Buyer contained in this Section 14 A, B, C and D, shall survive the recordation and delivery of the Grant Deed.

15. Buyer's Representations and Warranties. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Property to Buyer, Buyer makes the following representations and warranties, each of which is material and is being relied upon by Seller (the continued truth and accuracy of which shall constitute a condition precedent to Seller's obligations hereunder):

(a) Authority. Buyer has the full power and authority to buy the Property. This Agreement has been duly and validly authorized, executed and delivered by Buyer and no other authorization or third party consent is requisite to the valid and binding execution, delivery and performance of this Agreement by Buyer;

(b) Representations. All representations and warranties of Buyer set forth in this Agreement shall be true on and as of the Close of Escrow as if those representations and warranties were made on and as of such time.

16. Delivery of Documents and Materials; Liquidated Damages and Arbitration.

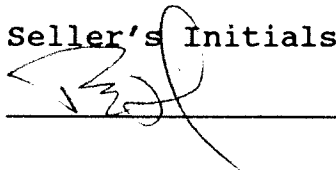
A. If the Escrow is terminated for any reason other than a default by Seller, then forthwith upon such termination, (i) Buyer shall deliver to Seller any documents and materials related to the Property previously delivered by Seller to Buyer, and (ii) Buyer shall deliver to Seller, and shall be deemed to have assigned to Seller, without the execution of any additional documents, all of Buyer's right, title and interest in all studies, reports, governmental applications, permits, maps, and other documents (exclusive of plans and specifications) in Buyer's possession or that it has made or contracted to be made respecting the Property, including without limitation all engineering reports, soil tests, seismic studies, environmental reports, grading, flood

control and drainage plans, and all correspondence with governmental agencies and their personnel concerning the same. The foregoing assignment of rights by Buyer shall in no way be construed to place upon Seller any obligation or liability to any party preparing or otherwise working on said documents, and Buyer shall take such actions and make such payments as may be necessary to deliver clear title to such documents to Seller, and to preclude any claim of any nature against Seller or the Property for any sums owing on account of the preparation or making of such documents.


B. IF BUYER FAILS TO TIMELY CLOSE THE ESCROW AS AND WHEN REQUIRED UNDER THIS AGREEMENT FOR ANY REASON OTHER THAN THE DEFAULT OF SELLER OR THE TERMINATION OF THIS AGREEMENT PURSUANT TO SECTION 7(a), SELLER SHALL BE RELEASED FROM THE OBLIGATION TO SELL THE PROPERTY TO BUYER AND SHALL BE ENTITLED TO RECEIVE THE DEPOSIT, PLUS ALL INTEREST THEREON, AS LIQUIDATED DAMAGES FOR THIS FAILURE. THE ESCROW HOLDER SHALL DELIVER THE DEPOSIT TO SELLER ON FAILURE OF BUYER TO CLOSE THE ESCROW AS PROVIDED IN THIS AGREEMENT. BY INITIALING BELOW, THE PARTIES AGREE THAT IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO FIX ACTUAL DAMAGES IF BUYER FAILS TO CLOSE THE ESCROW, THAT THE FOREGOING AMOUNT IS A REASONABLE ESTIMATE OF SELLER'S DAMAGES, AND THAT SELLER SHALL RETAIN THE SUMS SET FORTH IN THIS PROVISION AS SELLER'S SOLE AND EXCLUSIVE RIGHT TO DAMAGES. BY INITIALING BELOW, SELLER AND BUYER AGREE THAT THE PAYMENT OF THE AFOREMENTIONED SUMS TO SELLER AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT INSTEAD, IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE.

WITHOUT LIMITING THE FOREGOING PROVISIONS OF THIS PARAGRAPH, SELLER WAIVES ANY AND ALL RIGHTS WHICH SELLER OTHERWISE WOULD HAVE HAD UNDER CALIFORNIA CIVIL CODE SECTION 3389 TO SPECIFICALLY ENFORCE THIS AGREEMENT. SELLER AND BUYER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS PARAGRAPH 16(B) AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

Seller's Initials



Buyer's Initials



C. Alternative Dispute Resolution.

(i) Mediation. In the event the Close of Escrow should fail to occur, except with respect to any request by Buyer for injunctive relief or action for specific performance to enforce the terms of this Agreement, Buyer and Seller agree to attempt to settle any and all controversies, disputes, or claims arising out of, in connection with, or in relation to the interpretation, performance or breach of this Agreement, through mediation at the Los Angeles office of the Judicial Arbitration and Mediation Services, Inc. ("JAMS"), or if JAMS is unavailable, by

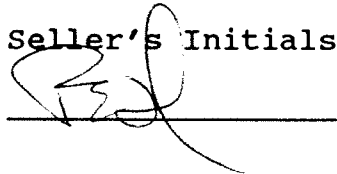
any organization of similar nature mutually agreed to by Buyer and Seller. The complaining party shall initiate the process by contacting the JAMS office to schedule a settlement conference within thirty (30) days after it determines the parties are unable to resolve the dispute without JAMS' intervention and by providing written notice thereof to the other party. The parties may agree on a retired judge from the JAMS panel. If they are unable to agree, JAMS will provide a list of three available judges and each party may strike one. The remaining judge will serve as the mediator at the settlement conference. Neither party may initiate arbitration proceedings until mediation is completed.

(ii) Arbitration of Disputes. Any matter not resolved by mediation pursuant to the provisions of Subparagraph (i) above, shall be submitted to binding arbitration before, and in accordance with the then current rules of, the American Arbitration Association ("AAA") and not by court action except as provided by California law for review of arbitration proceedings. Said arbitration shall be initiated by the complaining party by providing written notice to AAA and the other party within thirty (30) days of termination of the mediation process, as determined by the mediation judge. The parties may agree on an AAA arbitrator from the AAA panel. If they are unable to agree, the AAA will provide a list of three available arbitrators with at least five (5) years real estate arbitration experience in the Los Angeles area, and each party may strike one. The remaining arbitrator will serve as the arbitrator. The failure to initiate binding arbitration within sixty (60) days after the termination of the mediation process constitutes an absolute bar to the institution of any new proceeding. The parties shall have the rights to discovery in accordance with the rules of the AAA.

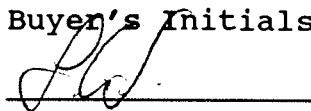
"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION, EXCEPT WITH RESPECT TO ANY REQUEST BY BUYER FOR INJUNCTIVE RELIEF OR ACTION FOR SPECIFIC PERFORMANCE TO ENFORCE THE TERM OF THIS AGREEMENT, DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Seller's Initials



Buyer's Initials



17. Indemnification.

A. Seller shall hold harmless, indemnify and defend Buyer from and against (i) any and all claims, demands, causes of action, loss, liability, liens or encumbrances, whether direct or contingent, in any way related to Seller's or its agents' or contractors' activities at the Property and occurring before the Close of Escrow, or in any way related to or arising from any act, conduct, omission, contract or commitment of Seller at any time or times on, before or after the Close of Escrow; (ii) any loss or damage to Buyer resulting from any inaccuracy in or breach of any representation or warranty of Seller or resulting from any material breach or material default by Seller under this Agreement; and (iii) all costs and expenses including reasonable attorneys' fees, related to any actions, suits or judgments incident to any of the foregoing. Buyer shall notify Seller of any such claim against Buyer within thirty (30) days after it has notice of such claim, but failure to notify Seller shall in no case prejudice the rights of Buyer under this Agreement unless Seller shall be prejudiced by such failure and then only to the extent of such prejudice. Should Seller fail to discharge or undertake to defend Buyer against such liability upon learning of the same, then Buyer may settle such liability.

B. Buyer shall hold harmless, indemnify and defend Seller from and against (i) any and all claims, demands, causes of action, loss, liability, liens or encumbrances, whether direct or contingent, in any way related to the Property and occurring after the Close of Escrow, or in any way related to or arising from any act, conduct, omission, contract or commitment of Buyer at any time or times, prior to, on or after the Close of Escrow; (ii) any loss or damage to Seller resulting from any inaccuracy in or breach of any representation or warranty of Buyer (excluding any breach or default by Buyer under this Agreement which is subject to the Liquidated Damages provisions contained in Section 16, above); and (iii) all costs and expenses including reasonable attorneys' fees, related to any actions, suits or judgments incident to any of the foregoing. Seller shall notify Buyer of any such claim against Seller within thirty (30) days after it has notice of such claim, but failure to notify Buyer shall in no case prejudice the rights of Seller under this Agreement unless Buyer shall be prejudiced by such failure and then only to the extent of such prejudice. Should Buyer fail to discharge or undertake to defend Seller against such

liability upon learning of the same, then Seller may settle such liability.

18. Damage or Condemnation Prior to Closing. Seller shall promptly notify Buyer of any material casualty to the Property or any condemnation proceeding commenced prior to the Close of Escrow. If any such damage or proceeding relates to or may result in the loss of any material portion of the Property, Buyer may, at its option, elect either to (i) terminate this Agreement, in which event all funds deposited into Escrow by Buyer shall be returned to Buyer (provided, however, that such Deposit may be retained by Seller if such damage or condemnation occurs between that date which is the earlier of (i) March 15, 1995 or (ii) the date that Buyer shall obtain all necessary Entitlements for the Property, and the date of Close of Escrow), and neither party shall have any further rights or obligations hereunder, or (ii) continue the Agreement in effect, in which event upon the Close of Escrow, Buyer shall be entitled to any compensation, awards, or other payments or relief resulting from such casualty or condemnation proceeding.

19. Notices. All notices required to be given under this Agreement shall be in writing and shall be transmitted either by personal delivery, a reputable overnight courier which keeps receipts of delivery (such as Federal Express), or through the facilities of the United States Post Office, postage prepaid, certified or registered mail, return receipt requested. Any such notice shall be effective upon delivery, if delivered by personal delivery or overnight courier, and seventy-two (72) hours after dispatch, if mailed in accordance with the above. Notices to the respective parties shall be sent to the following addresses unless written notice of a change of address has been previously given pursuant hereto:

To Buyer: Home Depot, U.S.A., Inc.
601 South Placentia
Fullerton, California 92631
Attention: Real Estate Department

Courtesy
Copy to: Home Depot, U.S.A., Inc.
2727 Paces Ferry West
Atlanta, Georgia 30339
Attention: Vice President - Legal

To Seller: AlliedSignal Inc.
Dept. 1420 - Mail Drop T-52
2525 West 190th Street
Torrance, California 90504-6099
Attn: Philip E. Hammel
Director of Real Estate

Courtesy
Copy to:

AlliedSignal Aerospace
Law Department (03000; M/S T-52)
2525 West 190th Street
Torrance, California 90504-6099
Attn: Kenneth J. Berke or
Vice President and General Counsel

20. Brokers. Upon the Close of Escrow, Seller shall pay a real estate brokerage commission to Dennis McCarthy and Prudential Stevenson Real Estate in the total amount of six percent (6%) of the purchase price with respect to this transaction, and Seller hereby agrees to indemnify and hold Buyer free and harmless from such commission obligation. Seller's obligation to pay the broker's commission is expressly conditioned upon the successful closing of Escrow. If any additional claims for brokers' or finders' fees for the consummation of this Agreement arise, then Buyer hereby agrees to indemnify, save harmless and defend Seller from and against such claims if they shall be based upon any statement or representation or agreement by Buyer, and Seller hereby agrees to indemnify, save harmless and defend Buyer if such claims shall be based upon any statement, representation or agreement made by Seller.

21. Assignment. Seller may not assign, transfer or convey its rights or obligations under this Agreement without the prior written consent of Buyer, and then only if Seller's assignee assumes in writing all of Seller's obligations hereunder; provided, however, Seller shall in no event be released from its obligations hereunder by reason of such assignment. Buyer, without being relieved of liability or its obligations hereunder, shall have the right to assign its rights and obligations hereunder or to nominate another person or entity in whom title to the Property shall vest, but only if such assignee or nominee assumes in writing all of Buyer's obligations hereunder.

22. Miscellaneous.

(a) Required Actions of Buyer and Seller. Buyer and Seller agree to execute such instruments and documents and to diligently undertake such actions as may be required in order to consummate the purchase and sale herein contemplated and shall use their best efforts to accomplish the Close of Escrow in accordance with the provisions hereof.

(b) Time of Essence. Time is of the essence of each and every term, condition, obligation and provision hereof.

(c) Dates. If any dates hereunder fall on a Saturday, Sunday or legal holiday, such date shall be the next following business day.

(d) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

(e) Captions. Any captions to, or headings of, the paragraphs or subparagraphs of this Agreement are solely for the convenience of the parties hereto, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

(f) No Obligations to Third Parties. Except as otherwise expressly provided herein, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties hereto, to any person or entity other than the parties hereto.

(g) Exhibits and Schedules. The Exhibits and Schedules attached hereto are hereby incorporated herein by this reference.

(h) Amendment to this Agreement. The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the parties hereto.

(i) Waiver. The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

(j) Fees and Other Expenses. Except as otherwise provided herein, each of the parties shall pay its own fees and expenses in connection with this Agreement.

(k) Entire Agreement. This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between Buyer and Seller as to the subject matter hereof. No subsequent agreement, representation, or promise made by either party hereto, or by or to an employee, officer, agent or representative of either party shall be of any effect unless it is in writing and executed by the party to be bound thereby.

(l) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto (as permitted pursuant to the provisions of this Agreement).

(m) No offer. The parties agree that no offer and acceptance can occur until this document is mutually executed by the parties hereto, it being understood that the delivery of this document does not constitute an offer of any kind.

(n) Attorneys' Fees. In the event of any litigation involving the parties to this Agreement to enforce any provision of this Agreement, to enforce any remedy available upon default under this Agreement, or seeking a declaration of the rights of either party under this Agreement, the prevailing party shall be entitled to recover from the other such attorneys' fees and court costs as may be reasonably incurred. All other attorney's fees and costs relating to the Agreement and the transaction contemplated hereby will be borne by the party incurring the same.

(o) Confidentiality. This Agreement shall be considered confidential between the parties hereto and, unless a dispute should arise between the parties hereunder, no party shall disclose this Agreement or its contents to any individual or entity other than the respective parties and their attorneys, agents, and accountants.

23. Indemnification of Escrow Holder.

(a) If this Agreement or any matter relating hereto shall become the subject of any litigation or controversy, Buyer and Seller agree, jointly and severally, to hold Escrow Holder free and harmless from any loss or expense, including attorneys' fees, that may be suffered by it by reason thereof except for losses or expenses as may arise from Escrow Holder's negligent or willful misconduct. If conflicting demands are made or notices served upon Escrow Holder with respect to this Agreement, the parties expressly agree that Escrow Holder shall be entitled to file a suit in interpleader and obtain an order from the court requiring the parties to interplead and litigate their several claims and rights among themselves. Upon the filing of the action in interpleader, Escrow Holder shall be fully released and discharged from any obligations imposed upon it by this Agreement; and

(b) Escrow Holder shall not be liable for the sufficiency or correctness as to form, manner, execution or validity of any instrument deposited with it, nor as to the identity, authority or rights of any person executing such instrument, nor for failure to comply with any of the provisions of any agreement, contract or other instrument filed with Escrow Holder or referred to herein. Escrow Holder's duties hereunder shall be limited to the safekeeping of all monies, instruments or other documents received by it as Escrow Holder, and for their disposition in accordance with the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first set forth above.

"SELLER"

ALLIEDSIGNAL INC.,
a Delaware corporation

By: [Signature]
Print Name: _____
Title: _____

"BUYER"

HOME DEPOT U.S.A., INC.,
a Delaware corporation

By: [Signature]
L. A. Smith,
Vice President - Legal

Acceptance by Escrow Holder:

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

No. 519C

State of CALIFORNIA

County of LOS ANGELES

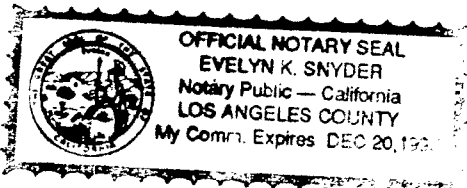
On 1/7/94 before me, EVELYN K. SNYDER, NOTARY
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared DANIEL P. BURNHAM
NAME(S) OF SIGNER(S)

☒ personally known to me - OR - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

[Signature]
SIGNATURE OF NOTARY



OPTIONAL SECTION
CAPACITY CLAIMED BY SIGNER

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

☐ INDIVIDUAL
☒ CORPORATE OFFICER(S)
VICE PRESIDENT
TITLE(S)

☐ PARTNER(S) ☐ LIMITED
☐ GENERAL
☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
☐ OTHER: _____

SIGNER IS REPRESENTING:

NAME OF PERSON(S) OR ENTITY(IES)
ALLIEDSIGNAL INC

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT:

Though the data requested here is not required by law, it could prevent fraudulent reattachment of this form.

OPTIONAL SECTION

TITLE OR TYPE OF DOCUMENT REAL ESTATE PURCHASE AGREEMENT

NUMBER OF PAGES 22 + EXH DATE OF DOCUMENT 1/7/94

SIGNER(S) OTHER THAN NAMED ABOVE L.A. SMITH - HOME DEPOT

EXHIBIT LIST

Exhibit "A" Description of the Land
Exhibit "A-1" Configuration of the Land
Exhibit "B" Grant Deed
Exhibit "C" Certificate of Non-Foreign Status
Exhibit "D" Tax Declaration
Exhibit "E" License Agreement
Exhibit "F" Pending Litigation

EXHIBIT "A"

APPROXIMATELY 11 OF THE MOST EASTERLY ACRES OF THAT CERTAIN PARCEL OF LAND CONTAINING APPROXIMATELY 15 ACRES AND SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES AND DESCRIBED AS FOLLOWS:

THAT PORTION OF LOTS 63 AND 64 OF THE LANKERSHIM RANCH LAND AND WATER COMPANY IN THE CITY OF LOS ANGELES, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 31, PAGES 39 TO 44 INCLUSIVE OF MISCELLANEOUS RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN SOUTHERLY LINE OF SHERMAN WAY, 100 FEET WIDE DISTANT THEREON EAST, 757.47 FEET FROM THE INTERSECTION THEREOF WITH THE CENTERLINE OF LANKERSHIM BOULEVARD, 80 FEET WIDE; THENCE SOUTH 0°01'41" EAST 627.87 FEET TO A POINT IN THE NORTHERLY LINE OF THE SOUTHERN PACIFIC RAILROAD COMPANY'S RIGHT OF WAY, 100 FEET WIDE; THENCE ALONG SAID NORTHERLY LINE SOUTH 76°37'17" EAST 917.75 FEET; THENCE NORTH 0°00'07" EAST 840.22 FEET TO A POINT IN SAID SOUTHERLY LINE OF SHERMAN WAY; THENCE ALONG SAID LINE, WEST 893.18 FEET TO THE POINT BEGINNING.

(The exact legal description to be supplied during escrow upon finalization of Parcel Map or lot line adjustment as provided in Section 7(a)(i)).

TRW-REDI

1-800-345-7334

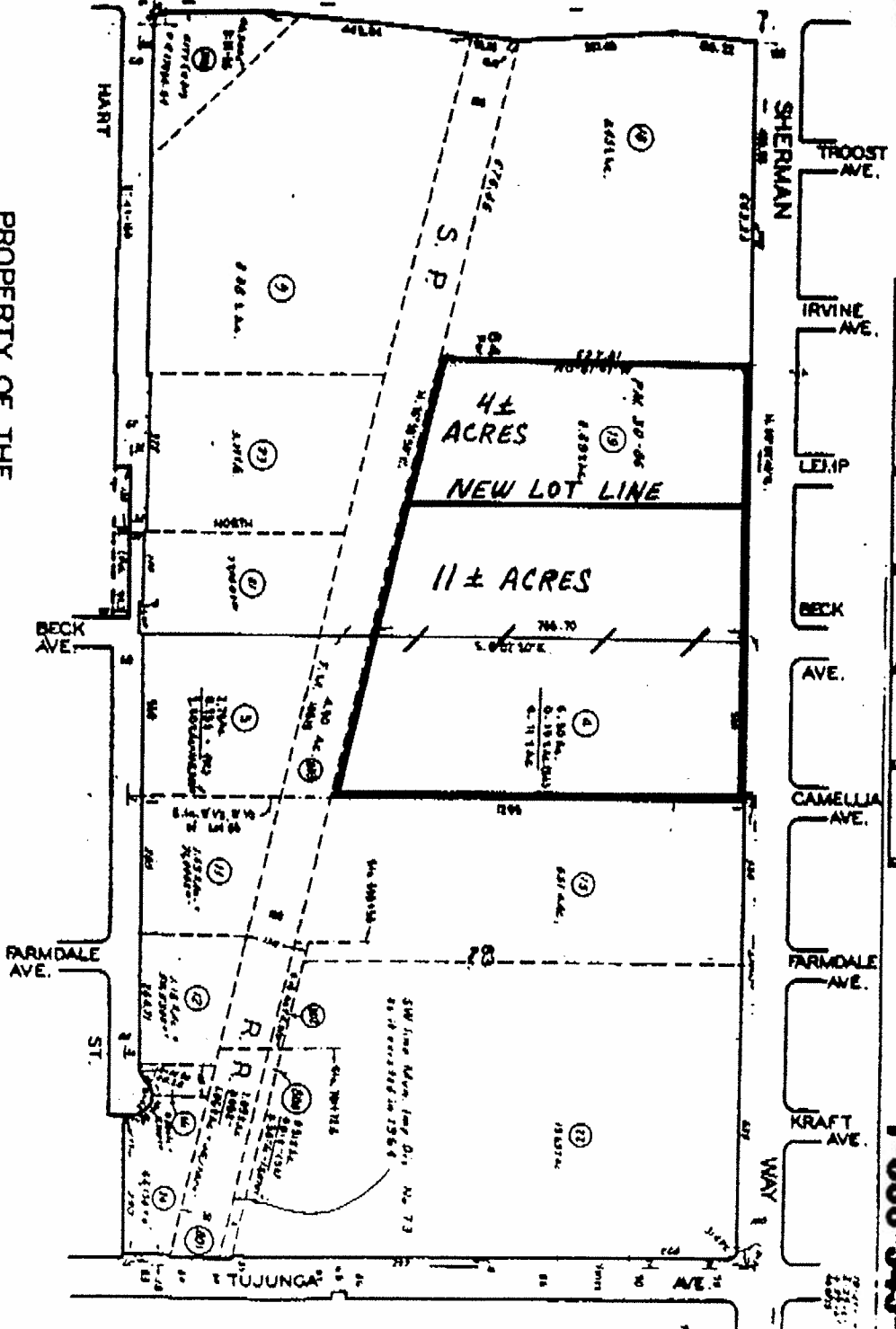
2320 1
200

THIS MAP MAY OR MAY NOT BE A SURVEY OF THE LAND
DEPICTED HEREON. YOU SHOULD NOT RELY UPON IT FOR ANY
PURPOSE OTHER THAN ORIENTATION TO THE GENERAL LOCA-
TION OF THE PARCEL OR PARCELS DEPICTED. FIRST AMERICAN
EXPRESSLY DISCLAIMS ANY LIABILITY FOR ALLEGED LOGS OR
DAMAGE WHICH MAY RESULT FROM RELIANCE UPON THIS MAP

E. LANKERSHIM BLVD.

PROPERTY OF THE
LANKERSHIM RANCH LAND
& WATER CO.
M.R. 31-39-44

CODE
12
JOB REV. ASMT. SER. 910 - 0.110



Street lines per lot are
considered the lot lines
in this tract, although the
boundaries of some lots are
measured from the center
lines of the streets.

EXHIBIT "A-1"

TRW-REDI

1-800-345 73

2320 11

EXHIBIT "B"

GRANT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Home Depot U.S.A., Inc.
2727 Paces Ferry Road
Atlanta, Georgia 30339
Attention: Legal Department
(North Hollywood)

MAIL TAX STATEMENTS TO:

SAME AS ABOVE

(Above space for Recorder's use only)

GRANT DEED

The undersigned grantor declares:

Documentary Transfer Tax not shown pursuant
to Section 11932 of the Revenue and
Taxation Code, as amended

City of Los Angeles

FOR VALUABLE CONSIDERATION, receipt of which is hereby
acknowledged, ALLIEDSIGNAL INC., a Delaware corporation, hereby
grants to HOME DEPOT U.S.A., INC., a Delaware corporation, that
certain real property in the City of Los Angeles, County of Los
Angeles, State of California, more particularly described in
Exhibit "1" attached hereto and incorporated herein by this
reference, subject to covenants, conditions, restrictions,
reservations, easements, rights of way, and encumbrances of record.

DATED: _____, 19____

**ALLIEDSIGNAL INC.,
a Delaware corporation**

By: _____
Print Name: _____
Title: _____

STATE OF _____)
) ss.
COUNTY OF _____)

On _____, 19____, before me,
_____, a Notary Public in and for said
state, personally appeared _____, personally known to
me (or proved to me on the basis of satisfactory evidence) to be
the person whose name is subscribed to the within instrument, and
acknowledged to me that he executed the same in his authorized
capacity, and that by his signature on the instrument the person,
or the entity upon behalf of which the person acted, executed the
instrument.

WITNESS my hand and official seal.

NOTARY PUBLIC IN AND FOR SAID STATE

EXHIBIT "1"

LEGAL DESCRIPTION OF PROPERTY

[To be supplied]

EXHIBIT "C"

CERTIFICATE OF NON-FOREIGN STATUS

To inform HOME DEPOT U.S.A., INC., a Delaware corporation ("Transferee"), that withholding of tax under Section 1445 of the Internal Revenue Code of 1954, as amended ("Code") will not be required by ALLIEDSIGNAL INC., a Delaware corporation ("Transferor"), the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, foreign estate or foreign person (as those terms are defined in the Code and the Income Tax Regulations promulgated thereunder);

2. Transferor's U.S. employer or tax (social security) identification number is _____.

Transferor understands that this Certification may be disclosed to the Internal Revenue Service by Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury I declare that I have examined this Certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

ALLIEDSIGNAL INC.
a Delaware corporation

By: _____
Print Name: _____
Title: _____

EXHIBIT "D"

Document No. _____

Recorded _____, 1993

STATEMENT OF TAX DUE AND REQUEST THAT TAX DECLARATION
NOT BE MADE A PART OF THE PERMANENT RECORD IN THE
OFFICE OF THE COUNTY RECORDER (PURSUANT TO SECTION
11932 REVENUE AND TAXATION CODE)

TO: Recorder
County of Los Angeles

Request is hereby made in accordance with the provisions
of the Documentary Transfer Tax Act that the amount of the tax due
not be shown on the original document which names:

Grantor: ALLIEDSIGNAL INC., a Delaware corporation

Grantee: HOME DEPOT U.S.A., INC., a Delaware corporation

The property described in the accompanying document is
located in the City of Los Angeles, California.

The amount of tax due on the accompanying document is
\$_____.

_____ Computed on full value of property conveyed.

_____ Or Computed on full value, less liens and
encumbrances remaining at the time of sale.

(Signature of Declarant or Agent)

EXHIBIT "E"

IRREVOCABLE LICENSE AGREEMENT

THIS IRREVOCABLE LICENSE AGREEMENT (the "Agreement") is made and entered into as of _____, 199__, by and between Home Depot U.S.A., Inc., a Delaware corporation ("Home Depot" or "Licensor"), and AlliedSignal Inc., a Delaware corporation ("Allied" or "Licensee").

RECITALS

A. Allied, as Seller, and Home Depot, as Buyer, are parties to that certain Real Estate Purchase Agreement and Joint Escrow Instructions, dated _____, (the "Purchase Agreement"), covering the sale of certain real property located at 11510-11600 Sherman Way, Los Angeles, California (the "Property"), to Home Depot.

B. Pursuant to the Purchase Agreement, Allied shall retain certain rights to use a portion of the Property pursuant to a license to conduct removal and remediation of soil and potential groundwater contamination at the Property. Licensor desires to irrevocably grant to Licensee the right and license, for the period provided herein, for its officers, employees, agents, and invitees (collectively "Invitees") to enter onto the Property for the purpose of continuing its soils remediation activities and groundwater investigation and other potential remediation activities with respect to the Property. The portion of the Property to be licensed for use by Licensee hereunder is referred to herein as the "Premises" and is more particularly described on Exhibit "A" attached hereto.

TERMS AND CONDITIONS

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereby agree as follows:

1. Grant of License. Licensor hereby irrevocably grants to Licensee the right and license for Licensee and its Invitees to enter onto and use the Premises for the purpose of soils remediation and conducting groundwater investigation and remediation activities with respect to the Property and maintain, repair and inspect certain groundwater monitoring wells ("Wells") and vapor removal apparatus ("Vapor Apparatus") now located on the Property (the "License"). The License includes rights of ingress and egress over the Property in order to access the Premises. The cost, if any, of maintaining, repairing or improving the Property so that it may accommodate the above-stated purposes, shall be paid by Licensee. The License shall be effective as of the Close of Escrow under the Purchase Agreement ("Effective Date").

2. License Fee.

2.1 Annual Fee. Commencing as of the Close of Escrow under the Purchase Agreement, the License Fee which is to be paid by Licensee to Licensor annually in advance upon the Effective Date of this Agreement and thereafter upon the anniversary of the Effective Date of this Agreement during the term of this License, shall be \$1000.00. This shall be the annual License Fee for any year or portion thereof during the term of this Agreement until the remediation and investigation work are complete.

3. Term.

3.1 Unless otherwise extended pursuant to the provisions hereof, the License shall terminate on the tenth anniversary of the Effective Date.

3.2 Licensee shall have two (2) ten-year options to extend the term of this License; provided that no such extension shall be available if the soil remediation and groundwater cleanup being performed by Licensee has been completed at such time. Licensee can exercise each extension by delivering to Licensor written notice of Licensee's intention to exercise such extension not less than sixty (60) days prior to the scheduled expiration of the then-existing term. The annual License Fee shall continue at the commencement of each extension term at the same rate as for the Base Term of this Agreement.

4. Premises. Licensee may determine that it does not require the use of the entire Premises granted to Licensee pursuant to the License. In such event, Licensee may submit to Licensor a written plan showing the portion of the Premises which it desires to relinquish to Licensor. Licensor shall not unreasonably withhold or delay approval of full or partial relinquishment of the Premises area from this Agreement.

5. Use. Licensee is entitled to use the Premises solely for purposes of performing monitoring, investigation and remediation of the soils and groundwater underlying the Premises and the Property of which the Premises are a part. At such time as such soils and/or groundwater monitoring, investigation and remediation has been completed, which completion includes the removal or sealing off of all Remediation Equipment (as defined in Section 7, below) from the Premises, this License shall automatically terminate. Allied shall deliver written notice of the anticipated date of

completion to Home Depot at least thirty (30) days prior to the date of such completion.

In conducting such remediation, maintenance, repair, and inspection activities pursuant to this License Agreement, Licensee hereby agrees not to materially interfere with the conduct of Licensors' business on the Property, including any interference with the parking or ingress and egress serving Licensors' business. In addition, Licensee shall conduct no soil excavation work or disrupt or damage any improvements (including asphalt and landscaping) on the Property without Licensors' prior written consent.

6. Termination. If at any time during the term of the License, Licensee decides that it no longer has a need for the License, then Licensee may terminate this Agreement without penalty and without any further obligation, provided it notifies Licensors in writing of its desire to so terminate the License at least thirty (30) days prior to such termination date.

7. Ownership of Equipment. All Wells, Vapor Apparatus and other equipment (collectively the "Remediation Equipment") used by Licensee on the Premises during the term of this Agreement shall at all times remain the Property of Licensee, and Licensors shall not at any time have any ownership interest in such Remediation Equipment. Licensee shall remove all above-ground Remediation Equipment from the Premises and properly seal off all below-ground Remediation Equipment on the Premises at its sole cost and expense upon the expiration or termination of this License and repair any damage to the Property caused by such removal.

8. Insurance. Licensee, at all times during the term of this Agreement or any renewal or extension thereof, and at its expense, will procure, maintain and keep in force, general public liability insurance for claims for personal injury, death, or

property damage, occurring in or about the Premises, with limits of not less than \$2,000,000.00 in respect to death or injury of a single person, not less than \$5,000,000.00 in respect to any one accident, and not less than \$3,000,000.00 in respect to property damage. Licensee will have Home Depot named as an additional insured thereunder. Certificates of such insurance will be delivered to Home Depot on the date of execution of this Agreement. The policy or policies of insurance will be issued by a company or companies licensed in the State wherein the Premises are situated and will provide that such policy or policies will not be canceled without the insurance company first giving Home Depot written notice thereof, at least thirty (30) days before any such cancellation shall become effective. Notwithstanding anything in this Section 8 to the contrary, Licensee may provide self insurance for its obligations set forth herein so long as Licensee has a net worth of at least \$500,000,000.00.

9. Default. If Licensee shall fail to pay any amount due hereunder promptly within ten (10) days of the date when the same shall become due and payable hereunder, or if Licensee shall fail to perform any of the other terms, covenants and conditions of this Agreement on its part to be performed, and in either event, shall continue in default for a period of thirty (30) days after Home Depot demands performance by giving notice to Licensee of such default, then in such event, Home Depot may take all actions available to it at law and in equity against Licensee to recover any monetary or other damages resulting from any such default.

10. Legal Expenses. Should either party hereto institute any legal action or proceeding for the enforcement of any obligations herein contained, the prevailing party shall be entitled to recover its costs and attorneys' fees incurred in the preparation and prosecution of such action or proceeding.

11. Indemnification, Licensee hereby agrees to indemnify, protect, defend and hold Licensors and its agents and employees harmless against any and all claims, liabilities, loss, cost, action, damage, expenses or fees, including but not limited to reasonable attorneys' fees which Licensors may sustain or incur by reason of Licensee's negligent or willful misconduct on the Premises or the negligent maintenance, inspection, use or removal of its Remediation Equipment. Subject to the limitations on consequential damages contained in Section 14(D) of the Purchase Agreement, Licensee's indemnification obligations hereunder shall include claims for environmental harm or violation of environmental laws and shall survive the expiration or earlier termination of this Agreement.

12. Assignment. The License is personal to Licensee and Licensee may not assign the License to third parties without Licensors' prior written consent, which consent shall not be unreasonably withheld. Any such successor shall assume all of Licensee's obligations under this Agreement. Licensee shall be permitted to assign this License to any of its corporate affiliates, but Licensee shall still remain liable to Licensors hereunder thereafter.

13. Time of Essence. Time is of the essence with respect to the performance of all obligations under this Agreement in which time of performance is a factor.

14. Headings. The article and section headings of this Agreement are for convenience only and are not a part of this Agreement and shall have no effect upon the construction or interpretation of any provision hereof.

15. Gender. Whenever the context of this Agreement so requires, each gender includes all other genders and the singular number includes the plural.

16. Severability. Any provision of this Agreement which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and such remaining provisions shall remain in full force and effect. Except as otherwise provided herein, every covenant contained herein shall be deemed to be independent of every other covenant herein, such that the breach or nonperformance of any covenant by one of the parties hereto shall not relieve the other party of any obligation to observe or perform any other or the same covenant on its part to be observed or performed.

17. Compliance With Law. Licensee shall throughout the term of the License, without cost to Licensor, promptly comply with all laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments applicable to the work being performed at the Premises.

18. Completeness. This Agreement embodies the entire understanding of the parties and there are no further or other agreements or understandings, written or oral, in effect between the parties, relating to the subject matter. This instrument may be amended or modified only by a written document executed by both parties.

19. Governing Law. It is agreed that this Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of California.

20. Licensee Has No Interest or Estate. Licensee expressly agrees that it does not and shall not claim at any time any interest or estate of any kind or extent whatsoever in the Property of Licensor, by virtue of the rights granted under this Agreement or Licensee's occupancy or use under this Agreement.

21. No Rights in the Public. No part of this Agreement shall be construed as creating any rights in the general public, nor shall any part be construed as dedicating for public use any portion of the Premises.

22. Notices, Any and all notices, demands or communications required to be given hereunder to the parties hereto, shall be in writing and sent by certified mail, (a) if intended for Home Depot, to 2727 Paces Ferry West, Atlanta, Georgia 30339, Attn: Vice President Legal, and (b) if intended for Allied, to Dept. 1420 - Mail Drop T-52, 2525 West 190th Street, Torrance, California 90504-6099, Attn: Director of Real Estate, or to such other place as either Home Depot or Allied may hereafter designate in writing. Any such notice shall be deemed to have been given as of the time same is deposited in the United States mail, faxed, or delivered in person.

23. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, and all of which, together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

"LICENSEE" or "ALLIED":

ALLIEDSIGNAL INC., a Delaware corporation

Dated: _____

By: _____

Its: _____

"LICENSOR" or "HOME DEPOT":

HOME DEPOT, U.S.A., INC.,
a Delaware corporation

By: _____

Its: _____

Dated: _____

By: _____

Its: _____

(Exhibit "A" to License Agreement)

[To be attached]

EXHIBIT F

LITIGATION PENDING WHICH AFFECTS THE PROPERTY

EXHIBIT F

The following is a list of pending or threatened litigation which arose because of AlliedSignal's operations at the Property:

1. United States of America v. Allied-Signal, Inc., et al., Case No. 93-6490 (JGD), filed on October 26, 1993, in the United States District Court for the Central District of California.
2. AlliedSignal has been named as a potentially responsible party ("PRP") with respect to the Burbank Operable Unit portion of the San Fernando Valley Superfund Site. A Special Notice Letter, dated May 2, 1989, was issued to AlliedSignal.
3. AlliedSignal has receive a demand for contribution from a group of respondents who received an Administrative Order from the U. S. Environmental Protection Agency to perform work with respect to the Burbank Operable Unit. The demand for contribution was made pursuant to a letter dated August 20, 1993, from Kevin T. Haroff of Morrison & Foerster to AlliedSignal, c/o Charles F. Weiss of Latham & Watkins.

IRREVOCABLE LICENSE AGREEMENT

THIS IRREVOCABLE LICENSE AGREEMENT (the "Agreement") is made and entered into as of March 10th, 1995, by and between Home Depot U.S.A., Inc., a Delaware corporation ("Home Depot" or "Licensor"), and AlliedSignal Inc., a Delaware corporation ("Allied" or "Licensee").

RECITALS

A. Allied, as Seller, and Home Depot, as Buyer, are parties to that certain Real Estate Purchase Agreement and Joint Escrow Instructions, dated December 23, 1993, as amended (the "Purchase Agreement"), covering the sale of certain real property located at 11510-11600 Sherman Way, Los Angeles, California (the "Property"), to Home Depot.

B. Pursuant to the Purchase Agreement, Allied shall retain certain rights to use a portion of the Property pursuant to a license to conduct removal and remediation of soil and potential groundwater contamination at the Property. Licensor desires to -- irrevocably grant to Licensee the right and license, for the period provided herein, for its officers, employees, agents, and invitees (collectively "Invitees") to enter onto the Property for the purpose of continuing its soils remediation activities and groundwater investigation and other potential remediation activities with respect to the Property. The portion of the Property to be licensed for use by Licensee hereunder is referred to herein as the "Premises" and is more particularly described on Exhibit "A" attached hereto.

TERMS AND CONDITIONS

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereby agree as follows:

1. Grant of License. Licensor hereby irrevocably grants to Licensee the right and license for Licensee and its Invitees to enter onto and use the Premises for the purpose of soils remediation and conducting groundwater investigation and remediation activities with respect to the Property and maintain, repair and inspect certain groundwater monitoring wells ("Wells") and vapor removal apparatus ("Vapor Apparatus") now located on the Property (the "License"). The License includes rights of ingress and egress over the Property in order to access the Premises. The cost, if any, of maintaining, repairing or improving the Property so that it may accommodate the above-stated purposes, shall be paid

by Licensee. The License shall be effective as of the Close of Escrow under the Purchase Agreement ("Effective Date").

2. License Fee.

2.1 Annual Fee. Commencing as of the Close of Escrow under the Purchase Agreement, the License Fee which is to be paid by Licensee to Licensors annually in advance upon the Effective Date of this Agreement and thereafter upon the anniversary of the Effective Date of this Agreement during the term of this License, shall be \$1000.00. This shall be the annual License Fee for any year or portion thereof during the term of this Agreement until the remediation and investigation work are complete.

3. Term.

3.1 Unless otherwise extended pursuant to the provisions hereof, the License shall terminate on the tenth anniversary of the Effective Date.

3.2 Licensee shall have two (2) ten-year options to extend the term of this License; provided that no such extension shall be available if the soil remediation and groundwater cleanup being performed by Licensee has been completed at such time. Licensee can exercise each extension by delivering to Licensors written notice of Licensee's intention to exercise such extension not less than sixty (60) days prior to the scheduled expiration of the then-existing term. The annual License Fee shall continue at the commencement of each extension term at the same rate as for the Base Term of this Agreement.

4. Premises. Licensee may determine that it does not require the use of the entire Premises granted to Licensee pursuant to the License. In such event, Licensee may submit to Licensors a written plan showing the portion of the Premises which it desires to relinquish to Licensors. Licensors shall not unreasonably withhold or delay approval of full or partial relinquishment of the Premises area from this Agreement.

5. Use. Licensee is entitled to use the Premises solely for purposes of performing monitoring, investigation and remediation of the soils and groundwater underlying the Premises and the Property of which the Premises are a part. At such time as such soils and/or groundwater monitoring, investigation and remediation has been completed, which completion includes the removal or sealing off of all Remediation Equipment (as defined in Section 7, below) from the Premises, this License shall automatically terminate. Allied shall deliver written notice of the anticipated date of completion to Home Depot at least thirty (30) days prior to the date of such completion.

In conducting such remediation, maintenance, repair, and inspection activities pursuant to this License Agreement, Licensee hereby agrees not to materially interfere with the conduct of Licensors' business on the Property, including any interference with the parking or ingress and egress serving Licensors' business. In addition, Licensee shall conduct no soil excavation work or disrupt or damage any improvements (including asphalt and landscaping) on the Property without Licensors' prior written consent.

6. Termination. If at any time during the term of the License, Licensee decides that it no longer has a need for the License, then Licensee may terminate this Agreement without penalty and without any further obligation, provided it notifies Licensors in writing of its desire to so terminate the License at least thirty (30) days prior to such termination date.

7. Ownership of Equipment. All Wells, Vapor Apparatus and other equipment (collectively the "Remediation Equipment") used by Licensee on the Premises during the term of this Agreement shall at all times remain the Property of Licensee, and Licensors shall not at any time have any ownership interest in such Remediation Equipment. Licensee shall remove all above-ground Remediation Equipment from the Premises and properly seal off all below-ground Remediation Equipment on the Premises at its sole cost and expense - upon the expiration or termination of this License and repair any damage to the Property caused by such removal.

8. Insurance. Licensee, at all times during the term of this Agreement or any renewal or extension thereof, and at its expense, will procure, maintain and keep in force, general public liability insurance for claims for personal injury, death, or property damage, occurring in or about the Premises, with limits of not less than \$2,000,000.00 in respect to death or injury of a single person, not less than \$5,000,000.00 in respect to any one accident, and not less than \$3,000,000.00 in respect to property damage. Licensee will have Home Depot named as an additional insured thereunder. Certificates of such insurance will be delivered to Home Depot on the date of execution of this Agreement. The policy or policies of insurance will be issued by a company or companies licensed in the State wherein the Premises are situated and will provide that such policy or policies will not be canceled without the insurance company first giving Home Depot written notice thereof, at least thirty (30) days before any such cancellation shall become effective. Notwithstanding anything in this Section 8 to the contrary, Licensee may provide self insurance for its obligations set forth herein so long as Licensee has a net worth of at least \$500,000,000.00.

9. Default. If Licensee shall fail to pay any amount due hereunder promptly within ten (10) days of the date when the same shall become due and payable hereunder, or if Licensee shall fail

to perform any of the other terms, covenants and conditions of this Agreement on its part to be performed, and in either event, shall continue in default for a period of thirty (30) days after Home Depot demands performance by giving notice to Licensee of such default, then in such event, Home Depot may take all actions available to it at law and in equity against Licensee to recover any monetary or other damages resulting from any such default.

10. Legal Expenses. Should either party hereto institute any legal action or proceeding for the enforcement of any obligations herein contained, the prevailing party shall be entitled to recover its costs and attorneys' fees incurred in the preparation and prosecution of such action or proceeding.

11. Indemnification. Licensee hereby agrees to indemnify, protect, defend and hold Licensors and its agents and employees harmless against any and all claims, liabilities, loss, cost, action, damage, expenses or fees, including but not limited to reasonable attorneys' fees which Licensors may sustain or incur by reason of Licensee's negligent or willful misconduct on the Premises or the negligent maintenance, inspection, use or removal of its Remediation Equipment. Subject to the limitations on consequential damages contained in Section 14(D) of the Purchase Agreement, Licensee's indemnification obligations hereunder shall include claims for environmental harm or violation of environmental laws and shall survive the expiration or earlier termination of this Agreement.

12. Assignment. The License is personal to Licensee and Licensee may not assign the License to third parties without Licensors' prior written consent, which consent shall not be unreasonably withheld. Any such successor shall assume all of Licensee's obligations under this Agreement. Licensee shall be permitted to assign this License to any of its corporate affiliates, but Licensee shall still remain liable to Licensors hereunder thereafter.

13. Time of Essence. Time is of the essence with respect to the performance of all obligations under this Agreement in which time of performance is a factor.

14. Headings. The article and section headings of this Agreement are for convenience only and are not a part of this Agreement and shall have no effect upon the construction or interpretation of any provision hereof.

15. Gender. Whenever the context of this Agreement so requires, each gender includes all other genders and the singular number includes the plural.

16. Severability. Any provision of this Agreement which shall prove to be invalid, void or illegal shall in no way affect,

impair or invalidate any other provision hereof, and such remaining provisions shall remain in full force and effect. Except as otherwise provided herein, every covenant contained herein shall be deemed to be independent of every other covenant herein, such that the breach or nonperformance of any covenant by one of the parties hereto shall not relieve the other party of any obligation to observe or perform any other or the same covenant on its part to be observed or performed.

17. Compliance With Law. Licensee shall throughout the term of the License, without cost to Licensor, promptly comply with all laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments applicable to the work being performed at the Premises.

18. Completeness. This Agreement embodies the entire understanding of the parties and there are no further or other agreements or understandings, written or oral, in effect between the parties, relating to the subject matter. This instrument may be amended or modified only by a written document executed by both parties.

19. Governing Law. It is agreed that this Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of California.

20. Licensee Has No Interest or Estate. Licensee expressly agrees that it does not and shall not claim at any time any interest or estate of any kind or extent whatsoever in the Property of Licensor, by virtue of the rights granted under this Agreement or Licensee's occupancy or use under this Agreement.

21. No Rights in the Public. No part of this Agreement shall be construed as creating any rights in the general public, nor shall any part be construed as dedicating for public use any portion of the Premises.

22. Notices. Any and all notices, demands or communications required to be given hereunder to the parties hereto, shall be in writing and sent by certified mail, (a) if intended for Home Depot, to 2727 Paces Ferry West, Atlanta, Georgia 30339, Attn: Vice President Legal, and (b) if intended for Allied, to Dept. 1420 - Mail Drop T-52, 2525 West 190th Street, Torrance, California 90504-6099, Attn: Director of Real Estate, or to such other place as either Home Depot or Allied may hereafter designate in writing. Any such notice shall be deemed to have been given as of the time same is deposited in the United States mail, faxed, or delivered in person.

23. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, and all of which, together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement
as of the day and year first above written.

"LICENSEE" or "ALLIED":

ALLIEDSIGNAL INC., a Delaware corporation

Dated: _____

By: _____



Its: Dan Burnham
President, Aerospace Sector

"LICENSOR" or "HOME DEPOT":

HOME DEPOT, U.S.A., INC.,
a Delaware corporation

Dated: _____

By: _____

Its: _____

By: _____

Its: _____



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

"LICENSEE" or "ALLIED":

ALLIEDSIGNAL INC., a Delaware corporation

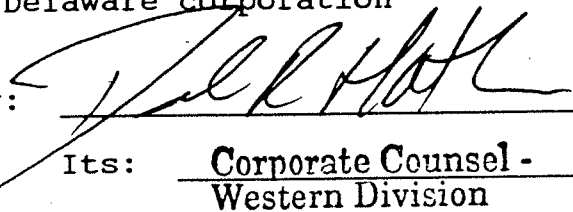
Dated: _____ By: _____

Its: _____

"LICENSOR" or "HOME DEPOT":

HOME DEPOT, U.S.A., INC.,
a Delaware corporation

Dated: March 10, 1995

By: 

Its: Corporate Counsel -
Western Division



By: _____

Its: _____

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

Parcels A and B of Parcel Map No. 7108, in the City of Los Angeles, County of Los Angeles, State of California, as per map filed in Book 267, Pages 14 and 15 of Parcel Maps, in the Office of the County Recorder of said County.

ASSIGNMENT AND ASSUMPTION OF ENVIRONMENTAL INDEMNITY

THIS ASSIGNMENT AND ASSUMPTION OF ENVIRONMENTAL INDEMNITY ("Assignment") is made and entered into as of August 26, 1999 by and between **NORTH HOLLYWOOD ACQUISITION, L.L.C.**, a California limited liability company ("Assignor"), and **HOME DEPOT U.S.A., INC.**, a Delaware corporation ("Assignee"), with respect to the following facts:

A. Assignor and AlliedSignal, Inc., a California corporation ("Allied"), have entered into that certain Environmental Indemnity dated as of December 23, 1997 ("Indemnity Agreement"), a copy of which is attached hereto as Exhibit "A", pursuant to which, among other things, Allied agrees to remediate potential environmental contamination, and to indemnify Assignor from and against losses and liabilities relating thereto, on the real property described on Exhibit "B" attached.

B. Concurrently herewith, Assignor and Assignee are entering into those certain Escrow Instructions dated as of July 26, 1999, pursuant to which Assignor agrees to sell, and Assignee agrees to purchase, the easterly ten (10) feet of the Premises, consisting of approximately six thousand eight hundred thirty-three (6,833) square feet of land ("Sale Property").

C. Assignor desires to assign to Assignee all of its right, title and interest in and to the Indemnity Agreement, together with any amendments or modifications thereto, either written or oral (such amendments and modifications being included herein within the definition of Indemnity Agreement), but only to the extent such Indemnity Agreement pertains to the Sale Property.

D. Assignee desires to accept from Assignor the assignment of the Indemnity Agreement as it pertains to the Sale Property on the terms and conditions set forth hereinbelow.

NOW THEREFORE, for and in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Assignor and Assignee, the parties hereto hereby agree as follows:

1. Assignment. Effective upon the closing of Assignee's purchase of the Sale Property from Assignor, Assignor hereby assigns, transfers, sets over and conveys to Assignee all of Assignor's right, title and interest in, to and under the Indemnity Agreement, but only insofar as such Indemnity Agreement pertains to the Sale Property. Assignor expressly reserves unto itself all right, title and interest in, to and under the Indemnity Agreement as it pertains to the remainder of the Premises.

2. Assumption. Assignee does hereby assume all of Assignor's rights, duties and obligations under or with respect to the Indemnity Agreement as they pertain to the Sale Property.

3. Indemnities.

(a) Assignee agrees to indemnify, protect, defend and hold Assignor harmless from and against any and all liabilities, losses, costs, damages and expenses (including reasonable attorneys' fees) directly or indirectly arising out of or related to any breach or default in Assignee's obligations hereunder.

(b) Assignor agrees to indemnify, protect, defend and hold Assignee harmless from and against any and all liabilities, losses, costs, damages and expenses (including reasonable attorneys' fees) directly or indirectly arising out of or related to any breach or default in Assignor's obligations hereunder.

4. Binding Effect. This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee and their respective heirs, executors, administrators, successors and assigns.

5. Assignor's Representations. Assignor represents and warrants to Assignee that Assignor has not amended or modified the terms of the Indemnity Agreement and that it remains in full force and effect.

6. Counterparts. This Assignment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, Assignor and Assignee have each executed this Assignment as of the date first written above.

"ASSIGNOR"

**NORTH HOLLYWOOD ACQUISITION,
L.L.C.,** a California limited liability company

By: Carl B. Phil
Its: Vice President

"ASSIGNEE"

HOME DEPOT U.S.A., INC.,
a Delaware corporation

*Approved
by
8/25/99*

By: Jeannette McClain
Jeannette McClain,
Assistant Secretary

EXHIBIT "A"

ENVIRONMENTAL INDEMNITY

ENVIRONMENTAL INDEMNITY

THIS ENVIRONMENTAL INDEMNITY ("Indemnity") is entered into as of the 23rd day of December, 1997 between AlliedSignal, Inc. ("Seller") and North Hollywood Acquisition, L.L.C. ("Buyer").

RECITALS

A. Under that certain Purchase Agreement dated as of August 20, 1997 (the "Agreement") between Public Storage, Inc. and Seller, which Agreement was assigned from Public Storage, Inc. to Buyer, Buyer has agreed to buy and Seller has agreed to sell, among other properties, that certain real property described on Exhibit A attached and the fixtures and personalty owned by Seller located thereon, commonly known as 11510 Sherman Way, Los Angeles, California (the "Premises").

B. During its investigation of the Premises, Buyer became aware of certain environmental conditions and litigation.

C. In order to satisfy Buyer's concerns about these conditions and litigation, Seller has agreed to provide to Buyer, inter alia, this Indemnity.

Now therefore, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions:

1.1 Hazardous Materials. The term "Hazardous Material(s)" means the following: (i) any chemical, compound, material, mixture or substance that is now or hereafter defined or listed in, or otherwise classified pursuant to, any Environmental Laws as a "hazardous substance", "hazardous material", "hazardous waste", "extremely hazardous waste", "acutely hazardous waste", "radioactive waste", "infectious waste", "biohazardous waste", "toxic substance", "pollutant", "toxic pollutant", or "contaminant", as well as any formulation not mentioned herein intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, "EP toxicity", or "TCLP toxicity"; (ii) petroleum, natural gas, natural gas liquids, liquified natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas usable for fuel), and ash produced by a resource recovery facility utilizing a municipal solid waste stream, and all compounds and mixtures thereof and products related thereto, and drilling fluids, produced related thereto, and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources; (iii) "hazardous substance" as defined in §25281(f) of the California Health & Safety Code; (iv) "wastes" as defined in §13050(d) of the California Water Code; (v) asbestos and any asbestos containing material; (vi) area formaldehyde foam insulation; (vii) transformers or other equipment which contain dielectric fluid containing polychlorinated biphenyls (PCBs); and, (viii) radon.

1.2 Environmental Laws. The term "Environmental Laws" mean all statutes, ordinances, orders, rules, regulations, plans, policies or decrees and the like relating to (i) environmental matters including, without limitation, those relating to or imposing fines, injunctions, penalties, damages, contribution, cost recovery, compensation, losses, or injuries;

(ii) the generation, use, storage, transportation, release, discharge or disposal of Hazardous Materials, or (iii) occupational safety and health, industrial hygiene, land use or the protection of human, plant or animal health or welfare.

1.3 Environmental Losses. The term "Environmental Losses" mean all charges, losses, liabilities, damages (whether actual, consequential, punitive, or otherwise denominated), costs, fees, demands, claims, actions, judgments, causes of action, administrative proceedings, investigations, assessments, fines, penalties, costs, and expenses of any kind or character, foreseeable and unforeseeable, liquidated and contingent, proximate and remote, to the extent arising out of, based on or as a result of the Environmental Contamination, including without limitation, the following: (i) the Litigation or any other litigation or contribution claims arising from the Environmental Contamination, including without limitation any litigation by third parties claiming, for example, injury to persons or property from migration of the Environmental Contamination (ii) all costs of any required or necessary Remedial Work; (iii) the fees, costs and expenses of counsel retained pursuant to the provisions of Section 5.1(ii) and Section 5.2 hereof; (iv) the fees, costs and expenses of environmental consultants, accountants, third-party consultants, and other independent contractors retained by Buyer after the date of this Indemnity, and (v) the incremental increase in costs of construction of improvements on the Premises as a result of the presence of Environmental Contamination incurred within eighteen months of the date hereof.

1.4 Environmental Contamination. The phrase "Environmental Contamination" means (a) any Hazardous Material which is located in, on or under the Premises or which has migrated therefrom, with respect to which Seller, Buyer or any other Indemnified Party is required to perform any Remedial Work, or (b) any Hazardous Material which is located in, on or under the Premises or which has migrated therefrom which gives rise to or provides the basis for third party litigation or contribution claims against Seller, Buyer, or any other Indemnified Party.

1.5 Indemnified Party. The term "Indemnified Party" means, collectively, Buyer (or its nominee), any lenders who make loans to Buyer secured by all or a portion of the Premises, and tenants in the Premises, and each of their respective partners, shareholders, officers, directors, employees, agents, attorneys, trustees, successors and assigns (including without limitation each future purchaser of the Premises), and their respective partners, shareholders, officers, directors, employees, and successors and assigns.

1.6 Litigation. The term "Litigation" shall mean the litigation which is currently ongoing among United States of America, State of California, Seller and other defendants in the United States District Court for the Central District of California (Civil No. 93-6490-MRP).

1.7 Remedial Work. The term "Remedial Work" means any preparation for and response to any third-party initiated or legally required inquiry, order, hearing, or other proceeding regarding the Environmental Contamination, and the preparation and implementation of any third-party initiated or legally required closure, remedial or other required plans made necessary or caused by the Environmental Contamination, as well as any investigation, monitoring, clean-up, containment, remediation, removal, response cost or restoration work required as a result of any such inquiry, order, hearing or other proceeding or any such closure, remedial or other required plans.

2. Indemnification. Notwithstanding anything to the contrary in the Agreement, Seller hereby agrees to indemnify, pay, defend, protect and hold each Indemnified Party harmless from any and all Environmental Losses.

3. Environmental Communications. Seller shall promptly deliver to Buyer, and Buyer shall promptly deliver to Seller, copies of all Environmental Communications (as defined below) relating to any Environmental Losses, Remedial Work, the Environmental Contamination, or any indemnified obligation under Paragraph 2. "Environmental Communications" mean any and all communications given by Seller and/or Buyer to, or received by Seller and/or Buyer from, federal, state and local government agencies, environmental consultants, contractors or laboratory personnel, or any other person or entity pertaining to the Premises; provided, however, that this section shall not apply to privileged documents protected under the attorney-client privilege or the attorney work product privilege.

4. Remedial Activities. Seller shall be responsible for all Remedial Work. Seller agrees to perform all Remedial Work in compliance with, and to the degree and standards required by the appropriate governmental authorities. Buyer agrees to provide Seller and its agents and contractors with access to the Premises to satisfy all of Seller's duties under this Indemnity and to permit Seller to take steps reasonably necessary to complete those duties including, but not limited to, the installation and inspection of such monitoring wells as may be required by the appropriate governmental authorities. In the event that Seller fails to commence, or cause to be commenced in a timely manner, or fails to diligently prosecute to completion, the Remedial Work, Buyer may after giving no less than sixty (60) days notice (or such shorter notice as may be required by exigent legal requirements) of its intention to do so, but shall not be required to, cause such Remedial Work to be performed, and all costs and expenses thereof shall be Environmental Losses hereunder.

5. Procedures Governing Claims.

5.1 If Buyer notifies Seller of any claim or notice of commencement of any claim, demand, action, administrative or legal proceeding, investigation or allegation as to which the indemnity provided for in Section 2 applies, Seller shall assume on behalf of Buyer, and conduct with due diligence and in good faith, the investigation and defense thereof and the response thereto, and Buyer shall reasonably cooperate with Seller in the investigation and defense at no additional cost to Seller other than any out-of-pocket costs which are incurred by Buyer in connection with such cooperation, provided, however, that (i) Buyer shall have the right to be represented by advisory counsel of its own selection and at its own expense if it so elects; and (ii) if any such claim or notice of commencement of any claim, demand, action, administrative or legal proceeding, investigation or allegation involves both Seller and Buyer and Buyer reasonably believes that there may be legal defenses available to Buyer which are inconsistent with those available to Seller, then Buyer shall have the right to select separate counsel to participate in the investigation and defense of and response to such claim, demand, action, proceeding, investigation or allegation on its own behalf at Seller's reasonable expense.

5.2 If any claim, demand, action, proceeding, investigation or allegation arises as to which the indemnity provided for in Section 2 applies, and Seller fails to assume promptly (and in any event within thirty (30) days after being notified of the claim, demand, action, proceeding, investigation or allegation) the defense of Buyer, then Buyer may, after having given the Seller no less than ten (10) days prior notice of its intention to do so, contest

or settle the claim, demand, action, proceeding, investigation or allegation using counsel selected by Buyer, and Seller shall be responsible for the costs and expenses thereof.

6. Rights Cumulative. The rights of each Indemnified Party under this Indemnity shall be in addition to and separate and independent of any other rights and remedies of Buyer against Seller under the Agreement, or at law or in equity.

7. Demand Obligation. All obligations of Seller hereunder shall be payable upon demand and presentation of a reasonably detailed statement thereof, and any amount due and payable hereunder to an Indemnified Part by Seller which is not paid within thirty (30) days after written demand therefor is sent to Seller together with a reasonably detailed statement of the amounts demanded, shall bear interest from the date of such demand at the lesser of (i) the maximum interest rate then permitted by law or (ii) a rate per annum equal to five percent (5%) above the prime interest rate charged from time to time by Bank of America, N.T. & S.A., headquarters branch, or its successor.

8. [intentionally deleted].

9. GOVERNING LAW. THIS INDEMNITY AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT GIVING EFFECT TO THE CONFLICT-OF-LAWS PRINCIPLES OF THAT STATE.

10. Severability. Every provision of this Indemnity is intended to be severable. If any provision of this Indemnity or the application of any provision hereof to any party or circumstance is declared to be illegal, invalid or unenforceable for any reason whatsoever by a court of competent jurisdiction, such invalidity shall not affect the balance of the terms and provisions hereof or the application of the provision in question to any other party or circumstance, all of which shall continue in full force and effect.

11. Waiver. No failure or delay on the part of Buyer to exercise any power, right or privilege under this Indemnity shall be construed to be a waiver of any default or any acquiescence therein. No provision of this Indemnity may be changed, waived, discharged or terminated except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

12. Financial Information. Seller shall deliver to Buyer or its successor audited financial statements (or such other financial information as is reasonably acceptable to Buyer or its successor) upon its request; provided, however, that Seller need not deliver financial statements so long as its stock is publicly traded on the New York Stock Exchange.

13. Further Assurances. The parties hereby agree to execute such other documents and perform such other acts as may be necessary or desirable to carry out the purposes of this Indemnity.

14. Limitation. The indemnity set forth at Section 2 shall not apply to Environmental Contamination which Seller can show was released in, on, under, near or around the Premises subsequent to the date of this Indemnity.

15. Notice. All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or sent by telecopy, and shall be deemed received at the address of the person to receive such notice three business days after mailing thereof or one business day after the transmission of the telecopy.

If to Seller:

AlliedSignal, Inc.
2525 West 190th Street
Torrance, California 90504-6099
Attention: Philip E. Hammel
Fax: (310) 512-5647

and

AlliedSignal, Inc.
3201 West Lomita Boulevard
Torrance, California 90505
Attention: Felix Fischer, Esq.
Fax: (310) 517-1251

with copy to:

Smith & Hilbig LLP
21515 Hawthorne Boulevard
Suite 500
Torrance, California 90503-6568
Attention: Milan D. Smith, Jr., Esq.
Fax: (310) 543-4507

If to Buyer:

North Hollywood Acquisition, L.L.C.
c/o Public Storage, Inc.
P. O. Box 25050
Glendale, California 91221-5050
Attention: Hugh W. Horne

or

701 Western Avenue, 2nd Floor
Glendale, California 91201
Attention: Hugh W. Horne
Fax: (818) 241-9489

with copy to:

Munger, Tolles & Olson
33 New Montgomery Street, Suite 1900
San Francisco, California 94105
Attention: Ronald Hausmann, Esq.
Fax: (415) 512-4077

16. Counterparts. This Indemnity may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

In witness whereof, Buyer and Seller have entered into this Indemnity as of the date first written above.

SELLER:

ALLIEDSIGNAL, INC.,

By: Philip J. Lamm

Its: Director, R. E.

BUYER:

NORTH HOLLYWOOD ACQUISITION, L.L.C.

By: _____

Its: _____

Munger, Tolles & Olson
33 New Montgomery Street, Suite 1900
San Francisco, California 94105
Attention: Ronald Hausmann, Esq.
Fax: (415) 512-4077

In witness whereof, Buyer and Seller have entered into this Indemnity as of the date first written above.

Its: _____

By: Hugh W. Horne
Its: Vice President

EXHIBIT A

Parcel B of Parcel Map No. 2128, in the City of Los Angeles, County of Los Angeles, State of California, as per Map filed in Book 30, Page 86, of Parcel Maps, in the Office of the County Recorder of Los Angeles County;

Excepting therefrom Parcels A and B of Parcel Map No. 7108, as per Map filed in Book 267, Pages 14 and 15 of Parcel Maps, in the Office of the County Recorder of Los Angeles County.